



越秀地產股份有限公司

YUEXIU PROPERTY COMPANY LIMITED

Stock Code: 00123

WHERE GOOD
LIVING STARTS

2024 INTERIM REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Lin Zhaoyuan (Chairman)
 Mr Zhu Huisong
 Mr He Yuping
 Ms Chen Jing
 Ms Liu Yan

Non-Executive Director

Mr Zhang Yibing

Independent Non-Executive Directors & Audit Committee Members

Mr Yu Lup Fat Joseph
 Mr Lee Ka Lun
 Mr Lau Hon Chuen Ambrose
 Mr Cheung Kin Sang

COMPANY SECRETARY

Mr Yu Tat Fung

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 Hang Seng Bank Limited
 The Hongkong and Shanghai Banking Corporation Limited
 Industrial and Commercial Bank of China (Asia) Limited
 Oversea – Chinese Banking Corporation Limited
 DBS Bank Ltd.
 China Construction Bank (Asia) Corporation Limited
 Agricultural Bank of China Limited

WEBSITES TO ACCESS COMPANY INFORMATION

<http://www.yuexiuproperty.com>
<http://www.irasia.com/listco/hk/yuexiuproperty>
<http://www.hkexnews.hk>

* With effect from 20 September 2024, Mr. Su Junjie was appointed as a Non-Executive Director of the Company. Please refer to the announcement of the Company dated 20 September 2024 for further details.

REGISTERED OFFICE

26th Floor
 Yue Xiu Building
 160 Lockhart Road
 Wanchai, Hong Kong

SHARE REGISTRAR

Tricor Abacus Limited
 17/F, Far East Finance Centre
 16 Harcourt Road
 Hong Kong

LISTING EXCHANGE

Shares

The Stock Exchange of Hong Kong Limited

Stock Codes

The Stock Exchange of Hong Kong Limited – 00123
 Reuters – 123.HK
 Bloomberg – 123 HK

INVESTOR RELATIONS

For further information about Yuexiu Property Company Limited, please contact:
 Mr Michael Jiang
 Email: ir@yuexiuproperty.com

CHAIRMAN'S STATEMENT

I. BUSINESS REVIEW

Economic and Market Environment

In the first half of 2024, the global economy experienced a volatile recovery due to the impact of multiple factors including inflation, high interest rates and geopolitics. Despite the negative factors such as severe external environment and weak momentum for the growth of investment and consumption, China's macro-economy showed an overall steady development trend, recording a period-to-period GDP growth of 5.0% in the first half of the year, with major economic indicators remaining basically stable.

In the first half of 2024, property regulatory policies remained to be based on the "region-specific regulatory policies" with sustained relaxation, and a series of policies and measures were introduced to support the recovery and development of the real estate market. On 17 May 2024, the People's Bank of China (PBOC) and the National Financial Regulatory Administration announced that the minimum down payment ratios for individuals' commercial housing mortgages would be lowered to no less than 15% for first-home purchases and 25% for second-home purchases. On the same day, the PBOC issued the Notice on Adjustments to Interest Rate Policy for Individual Commercial Housing Mortgages, which announced that the floor level of commercial mortgage rates for first and second homes would be canceled across the country and the country would also cut the loan rates of the individual housing provident fund by 0.25 percentage point from 18 May 2024, indicating the further strengthened government support for the steady recovery of the real estate market. Thanks to these favourable policies, the real estate market saw a significant rebound and rise in June. But overall, the real estate market still experienced in-depth adjustments in the first half of the year, with transaction volume and price declining in both the first- and second-hand markets. The market resorted to price cuts to boost sales, and the real estate market as a whole was still in a bottom-out phase. According to the National Bureau of Statistics, the area and value of national commodity housing sales for the first half of the year reported a period-to-period decline of 19.0% and 25.0%, respectively, of which the area and value of residential sales decreased by 21.9% and 26.9%, respectively, and the investment in real estate development decreased by 10.1% period-to-period, of which residential investment decreased by 10.4%. The GFA of residential projects newly commencing construction decreased by 23.6%. According to statistics from the research institute China Residence Information Circle (CRIC), the top 100 real estate enterprises by contracted sales recorded a period-to-period decrease of 39.5% in contracted sales value in the first half of the year. Meanwhile, there were more obvious differentiation within the real estate market, with better sales performances recorded in core cities and regions, such as tier-1 cities and major tier-2 cities. The market showed stronger demand for improved and high-end products and weaker rigid demand. The real estate market confidence and expectations are yet to be restored.

The land market recorded overall weak performance in the first half of 2024. Except for tier-1 cities and major tier-2 provincial capital cities where demand for land in core areas remained strong, most cities reported significant period-to-period declines in both land supply and transaction volumes. In the core areas of core cities, due to the high degree of concentration under investment strategies of property developers and better market performance recorded, competition for land was relatively fierce and many high-quality land parcels were sold at a premium. However, the land market recorded overall depressed performance due to declined market sales as well as weak market confidence and expectations.

In the first half of 2024, in the face of the challenging economic situation and profound adjustments in the real estate market, with a focus on the annual work theme of "overcoming difficulties for stable performance, and improving capabilities through refined management", the Group actively adapted to the evolving market and adopted more effective measures to maintain the general stability of major operating indicators, thereby further enhancing the position and influence of the Group in the industry.



CHAIRMAN'S STATEMENT

Operating Results Remained Generally Stable

In the first half of 2024, the Group realised revenue of approximately RMB35.34 billion, representing a period-to-period increase of 10.1%. Gross profit margin was approximately 13.7%, representing a period-to-period decrease of 4.1 percentage points. Profit attributable to equity holders was approximately RMB1.83 billion, representing a period-to-period decrease of 15.9%. Core net profit was approximately RMB1.74 billion, representing a period-to-period decrease of 18.8%. Unrecognised sales value as of 30 June 2024 was RMB190.91 billion, representing a decrease of 4.2% as compared to that as of the beginning of the year.

The Board has resolved to declare an interim dividend for 2024 of HKD0.189 per share (equivalent to RMB0.173 per share). The payout ratio was approximately 40% of the core net profit.

Contracted Sales Recorded Period-to-period Decrease

In the first half of 2024, in response to the in-depth adjustments and severe challenges in the market, the Group maintained its strategy of adapting to the changing circumstances, implementing a targeted marketing strategy featuring "one project, one policy" and a targeted pricing strategy. In the first half of the year, the Group recorded contracted sales value (including contracted sales of projects of joint ventures and associates) of approximately RMB55.40 billion, representing a period-to-period decrease of 33.8%. The Group continued to consolidate its leading position in the Greater Bay Area and its first place in Guangzhou. The Group has also continuously improved its market position, as reflected by the Group's ranking in the industry by contracted sales value, which climbed to 9th in the first half of 2024, according to CRIC.

The Group's development strategic layout focuses on the Greater Bay Area, Eastern China, Central and Western China and Northern China, with an emphasis on strengthening its presence in tier-1 cities and major tier-2 cities. The Group achieved contracted sales value of approximately RMB26.11 billion in the Greater Bay Area for the first half of the year, accounting for approximately 47.1% of the Group's contracted sales value. In particular, Guangzhou contributed contracted sales value of approximately RMB23.05 billion, accounting for approximately 41.6% of the Group's contracted sales value. Eastern China contributed contracted sales value of approximately RMB12.88 billion in the first half of the year, accounting for approximately 23.2% of the Group's contracted sales value. Central and Western China contributed contracted sales value of approximately RMB8.94 billion in the first half of the year, accounting for approximately 16.2% of the Group's contracted sales value. Northern China contributed contracted sales value of approximately RMB7.47 billion in the first half of the year, accounting for approximately 13.5% of the Group's contracted sales value. During the period, the Group's TOD projects recorded contracted sales value of approximately RMB9.46 billion, accounting for approximately 17.1% of the Group's contracted sales value.

CHAIRMAN'S STATEMENT

Achieved High-quality Landbank Expansion

In the first half of 2024, the land markets were generally subdued but highly differentiated with unbalanced development. Competition for premium land parcels observed in tier-1 cities and major tier-2 provincial capital cities where the Group has made significant investment remained intense. The Group timely adjusted its strategies in response to changes in the market and the rules for land auctions in different cities, so as to enable more targeted investment, with a focus on deepening its presence in core cities and regions. Through the "6+1" diversified land acquisition model, the Group acquired 12 new land parcels in Beijing, Shanghai, Guangzhou, Hangzhou, Chengdu and Hefei, with a total gross floor area ("GFA") of approximately 1.72 million sq.m.. Among those, the Group acquired 2 premium land parcels respectively in Shanghai, Hangzhou and Chengdu, increasing approximately 60,000 sq.m., 0.23 million sq.m. and 0.13 million sq.m. of landbank, respectively. Through acquisition from its parent company, Yue Xiu Enterprises (Holdings) Limited, the Group added the Pazhou South TOD Phase Two Project in Guangzhou, with a total GFA of approximately 0.58 million sq.m.. The Group continued to improve its "6+1" unique and diversified land acquisition model. The new land acquisitions for the first half of the year through diversified land acquisition models accounted for 66% of all new land acquisitions.

As of 30 June, the total landbank of the Group amounted to approximately 25.03 million sq.m., 94% of which are located in tier-1 cities and tier-2 cities, with continuous improvement in the quality and structure of the investment portfolio. The Group's landbank in the Greater Bay Area and Guangzhou amounted to 10.32 million sq.m. and 9.19 million sq.m. respectively, accounting for approximately 41.2% and 36.7% of the Group's total landbank respectively. As of the end of June, the Group had a total of 10 TOD projects under development in Guangzhou and Hangzhou. The total landbank of TOD projects reached 3.10 million sq.m., accounting for approximately 12.4% of the total landbank of the Group.

Deepen the "Coordinated Residential and Commercial Development" Strategy

The Group has steadily promoted the strategy of "Coordinated Residential and Commercial Development" and continuously improved the stable income stream from commercial properties. In the first half of the year, in the face of challenges brought about by the downturn in the commercial property market, the Group continuously optimised the operational and tenant acquisition strategies for different business segments, focused on improving occupancy rates and optimising customer structures, and continuously improved the operation capabilities for commercial properties.

The Group's office segment continued to optimise its tenant structures in the face of the weak market, and maintained stable occupancy rates. The retail mall segment devoted greater efforts in tenant solicitation and tenant structure adjustments for projects, maintaining an overall upward trend in occupancy rates. The occupancy rates of hotels & apartments, wholesale markets and long-term rental apartments remained stable.

The Group recorded a rental income from commercial properties directly held by it of approximately RMB0.297 billion for the first half of the year, representing a period-to-period increase of 41.3%, and Yuexiu Real Estate Investment Trust ("Yuexiu REIT"), in which the Group holds 38.88% of unit interests as at 30 June 2024, recorded revenue of approximately RMB1.034 billion, representing a period-to-period decrease of 2.5%. The office assets of Yuexiu REIT recorded a rental income of approximately RMB0.582 billion for the first half of the year, representing a period-to-period decrease of 5.0%. Retail malls maintained stable operation with a period-to-period increase of 2.4%. Four Seasons Hotel and Ascott Serviced Apartments also maintained stable operation with revenue of RMB0.254 billion. The White Horse Building recorded an occupancy rate of 95.6%, representing a period-to-period increase of 5.1 percentage points, and revenue of RMB0.111 billion, representing a period-to-period increase of 3.4%.



CHAIRMAN'S STATEMENT

In the first half of the year, Yuexiu Services Group Limited ("Yuexiu Services"), in which the Group holds 66.95% interest as at 30 June 2024, also recorded remarkable operating results, with revenue of approximately RMB1.96 billion, representing a period-to-period increase of 29.7% and profit attributable to shareholders of approximately RMB0.278 billion, representing a period-to-period increase of 12.1%. The management scale of Yuexiu Services has steadily increased, with contracted GFA of 88.81 million sq.m. and GFA under management of 66.67 million sq.m.. The revenue from community value-added services amounted to approximately RMB0.646 billion, representing a period-to-period increase of 61.2%.

The Group's healthcare business also recorded a period-to-period increase in revenue, with 7,705 beds available for operation. The occupancy rates remained generally stable, placing the Group's healthcare business at the forefront of the industry.

Promotion of Refined Management in an All-round Way

In light of the ongoing market downturn, the Group adhered to efficient management, continued to deepen refined management, accelerated the construction of a customer research system, established a full-cycle customer research mechanism, and insisted on gaining insights into cities and customers.

The Group further promoted the standardisation of products and combined product standardisation with Building Information Management system (BIM), so as to provide a digital foundation platform for refined construction. The Group has completed the localisation of the Site Standardization Construction System (SSCS) in major cities, indicating the solid promotion in the delivery of high-quality products.

The Group further strengthened its cost refined management, with a focus on reducing or eliminating unnecessary costs and continuously lowering various operational and financial costs. The Group further promoted organisational change to continuously release the momentum and vitality of the organisation. By optimising its headquarters functions, the Group strengthened the customer orientation and professional collaboration, and enhanced its product competitiveness and operation capability for mass production. The Group optimised the structure of regional platforms, upgraded the regional platforms and implemented the strategy of urban focus and deep cultivation. The Group continuously optimised the allocation of talents to enrich the mid-level and executive team as well as key professional positions, and introduced external professional leaders. The Group focused on optimising the performance appraisal mechanism at the headquarters, regional and employee levels, and comprehensively implemented the Objectives and Key Results (OKR) approach for employee appraisal.

CHAIRMAN'S STATEMENT

Maintained Prudent and Safe Financial Position

The Group has a healthy financial position as well as sufficient and safe liquidity. As of the end of June, the Group's cash and cash equivalents, time deposits, charged bank deposits, time deposits and other restricted deposits amounted to approximately RMB48.14 billion, representing an increase of 4.4% as compared to that as of the beginning of the year. With the total liabilities/total assets ratio (excluding unearned revenue) of 68.3%, the net gearing ratio of 58.6%, and the cash to short-term debt ratio of 1.53 times, the "Three Red Lines" indicators of the Group remained in "green lights", and the financial indicators were healthy and safe.

In light of the in-depth adjustments in the real estate market, the Group, on one hand, accelerated the sales of properties and enhanced cash collection, achieving net cash inflows from operating activities; on the other hand, the Group diversified financing channels to further reduce the average financing cost period-to-period, and the Group's weighted average borrowing interest rate decreased by 41 basis points period-to-period to 3.57% per annum in the first half of the year. The average cost of borrowing further decreased to 3.47% at the end of period. In July, the Group successfully issued a total of onshore corporate bonds of RMB1.5 billion, including RMB0.5 billion for a 3+2-year term with a coupon rate of 2.25% and RMB1 billion for a 10-year term with a coupon rate of 2.75%. In addition, the Group issued its offshore dim sum bonds of RMB2.39 billion, of which dim sum bonds of RMB0.70 billion were issued during the period and green dim sum bonds of RMB1.69 billion were issued in July, with a weighted coupon rate of 4.07%. The Group maintained a leading position among the industry in terms of financing costs.

Continuous Improvement in ESG Management

The Group continued to optimise and improve its governance structure and operating mechanism for sustainability. Under the leadership of the ESG professional committee of the Board, the Company's Climate Change Response Working Group and Green Office Working Group comprehensively promoted and implemented the ESG strategies of the Board. The Company has been constantly improving its ESG disclosure standards. On 29 April, the Company published the 2023 ESG Report of Yuexiu Property, marking the 14th consecutive year of releasing ESG reports, and for the first time, the Company engaged a third-party assurance agency to issue an independent assurance report for the ESG report. The dual carbon targets and dual carbon action plan of the Company officially took effect, with a commitment to reducing the carbon emission intensity per unit area by 44% for public building projects and by 23% for residential projects in 2030 as compared to 2019. The Company also made breakthrough progress in sustainable finance, with the successful issuance of its first green dim sum bond in July, which has a term of three years and a coupon rate of 4.10%, raising RMB1.69 billion. The Company's ESG management system continued to evolve, with the addition of new functions such as "Personal Carbon Footprint", "ESG News and Updates" and "Low-carbon Project Management".

CHAIRMAN'S STATEMENT

II. BUSINESS OUTLOOK

Looking forward to the second half of 2024, as inflation continues to slow down, the United States, Europe and other major economies in the world have begun to cut interest rates one after another, which will lead to stable decline in interest rates from the high level, driving the global economic growth to recover amid ongoing fluctuations. Chinese government will intensify its efforts to stabilise macro-economic growth, therefore major economic indicators are expected to gradually improve and the economy will continue to achieve progress while maintaining stability. It is expected that the government's regulatory policies for the real estate industry will be more relaxed, and local governments will be given greater autonomy to further optimise their real estate policies and introduce "policy package" to support the healthy development of the real estate market, thereby supporting the rigid and improvement-oriented housing demand of residents. Although the real estate market will continue to fluctuate and residents' confidence and expectations for house purchases remain weak, it is believed that the real estate market will bottom out and become stable amid fluctuations under the effect of persistent easing policies.

Achieving Annual Operation Targets

In the second half the year, centring on the work theme of "overcoming difficulties for stable performance, and improving capabilities through refined management", the Group will make every effort to achieve the annual sales and various operating targets for 2024 by focusing on destocking, investment optimisation, capability enhancement, organisation refinement and risk control.

In terms of sales strategy, the Group will continue to implement targeted sales strategy of "one project, one policy" and targeted pricing strategy in response to market changes, promote the establishment and application of a customer research system, gain insights into cities and customers, and facilitate sales and cash collections, in a bid to achieve full year sales target and cash collection rate. In terms of product strategy, the Group adheres to the customer-centric principle to meet customer needs, and create high-quality products by continuing to carry out the "building products with high quality" action and fully implementing the "quality products convention" of the Company. In terms of operation strategy, the Group will comprehensively enhance its capabilities in seven areas: customer research, investment, product, marketing, service, cost control and large-scale operation, promote refined management, continue to improve operation efficiency, reduce costs and increase efficiency, with an aim to enhance and optimise its cost management system. The Group will stay loyal to its operation strategy based on the value proposition of "customer-centric, product-oriented and long-term development".

Adhering to the Prudent Investment Strategies

In the second half of the year, the Group will continue to adhere to the prudent investment strategies of "targeted investment" and "investments based on sales", support targeted investments by strengthening its investment research system, and concentrate on core cities and core locations for continuous in-depth cultivation. The Group will optimise its resources allocation, focusing on its investment in tier-1 cities and quality tier-2 provincial capital cities. The Group strictly controls the quality of investment and prioritise projects with economic benefits, with particular focus on projects with high certainty in profitability and fast recovery of cash flow.

The Group will continue to reinforce and optimise the "6+1" diversified land acquisition platform and increase premium landbank through diversified channels, laying a foundation for continuous and stable development. The Group will keep acquiring premium TOD projects, strengthen the urban renewal business to achieve breakthroughs in multiple cities, and focus on the development of existing urban renewal projects. The Group will also keep an eye on other channels and opportunities for diversified land acquisition.

CHAIRMAN'S STATEMENT

Steadily Promoting the “Coordinated Residential and Commercial Development” Strategy

Continuously upholding the strategy of “Coordinated Residential and Commercial Development”, the Group will steadily increase the support and contribution of commercial properties performance to its financial results. The Group will keep strengthening the customer acquisition and operation capabilities of commercial projects to create a new driver for its performance growth, with a focus on improving the occupancy rates of various segments and optimising customer structure and quality. In light of the economic downturn, the Group's office segment will adopt multiple measures to boost the occupancy rates, and continue to optimise tenant structure to ensure stable rental level; the retail segment will focus on driving brand upgrades while optimising business mix and enhancing operational performance; hotels & apartments will continue to push the operations to a new level by strengthening sales and cost control; and the wholesale markets shall maintain its benchmark position in the industry by enhancing customer operations and marketing innovation.

The Group will continue to secure the stable development of its property management and services business. Focusing on enhancing service capabilities centred around meeting customer needs, the Group will prioritise the development of four major business segments (namely residential buildings, commercial buildings, mass transportation, urban services and public facilities) and four major value-added services (namely lifestyle services, corporate services, asset services and technology services), in an effort to enhance its capabilities in market development, ecosystem integration, digital intelligence, organisational mechanisms, and security and risk control. By implementing the strategies of “enhanced services” and “enhanced products”, the Group will focus on strengthening its basic property management and service capabilities, and further expand its community value-added service business to achieve new breakthroughs in operating activities. Meanwhile, the Group will fulfill its social responsibilities and build a core competitiveness for sustainable development.

For the healthcare segment, the Group will continue to enhance its operating capabilities, diversify sales channels, improve the overall occupancy rate and service brand, and actively explore new drivers for business growth and enhance synergies among business segments.

Constantly Promoting Refined Management

The Group will fully apply its refined management philosophy, comprehensively promote the construction of a company with “Quality Products, Quality Services, Strong Brand, Capable Service Team”, and facilitate the cultivation of system development and service operation capabilities targeting “product competitiveness and service quality”, to support the market position of the Company with a strong quality brand.

The Group will continue to strengthen its customer research capability to gain insights into cities and customers, comprehensively facilitate product standardisation and the integration of design and construction in an effort to achieve efficient development, while improving cost management at each stage of production to cut unnecessary costs with precise cost allocation, thereby continuously optimising finance cost. The Group will comprehensively strengthen organisational development with an emphasis on “empowerment and structure optimisation” to build streamlined and efficient headquarters, improve its core business capabilities, optimise the management levels of subsidiaries in various regions and cities and promote flat management of projects, with a view to enhancing employee performance. In addition to improving the accuracy and fineness of performance appraisal by developing an appraisal and incentive mechanism adapted to the new situation, the Group is committed to fostering internal and external versatile talents and leaders through further optimising its talent selection mechanism and the internal market-oriented mechanism.



CHAIRMAN'S STATEMENT

Adhering to Prudent and Safe Financial Policies

The Group will continue to keep the “Three Red Lines” indicators staying in “green lights” and meet the investment-grade indicator requirements of Fitch, a credit agency. The Group will strengthen the management of capital liquidity risks, enhance the management of cash collection rate, and maintain net cash inflows from operating activities, while continuing to reduce financing costs by effectively controlling the scale of interest-bearing liabilities. The Group will maintain the smooth flow and channel diversification of domestic and overseas financing, strengthen the overall management of onshore and offshore funds as well as the effective management of capital liquidity risks, thereby ensuring sufficient and secure liquidity.

Acknowledgements

In the second half of the year, with “Refined Management” and “New Capabilities, New Mechanisms and New Culture” as the internal development driving forces, the Group will actively respond to market challenges. Adhering to the high-quality and sustainable development under the new environment and competition pattern of the industry, the Group will constantly strive to improve the return on shareholder’s capital and value. With respect to the Group’s achievements in steady performance and development in a variety of businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavours, as well as to express my deepest appreciation to our shareholders, our customers, and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In the first half of 2024, the Group realised revenue of approximately RMB35.34 billion (in the first half of 2023: RMB32.10 billion), representing a period-to-period increase of 10.1%. The gross profit was approximately RMB4.85 billion (in the first half of 2023: RMB5.70 billion), representing a period-to-period decrease of 15.0%, and the gross profit margin was approximately 13.7%, representing a period-to-period decrease of 4.1 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In the first half of 2024, profit attributable to equity holders of the Group was approximately RMB1.83 billion (in the first half of 2023: RMB2.18 billion), representing a period-to-period decrease of 15.9%. The core net profit* was approximately RMB1.74 billion (in the first half of 2023: RMB2.15 billion), representing a period-to-period decrease of 18.8%, and the core net profit margin reached approximately 4.9%.

CONTRACTED SALES

In the first half of 2024, the Group recorded aggregate contracted sales value (including sales of projects of joint ventures and associates) of approximately RMB55.40 billion, representing a period-to-period decrease of 33.8%, and achieving 37.7% of the full year contracted sales target of RMB147.0 billion. The aggregate contracted sales GFA (including sales of projects of joint ventures and associates) amounted to approximately 1.88 million sq.m., representing a period-to-period decrease of 24.0%, while the average selling price was approximately RMB29,500 per sq.m., representing a period-to-period decrease of 12.7%.

In terms of regional composition, with respect to the aggregate contracted sales value for the first half of 2024, the Greater Bay Area accounted for approximately 47.1%, Eastern China Region accounted for approximately 23.2%, Central and Western China Region accounted for approximately 16.2%, and Northern China Region accounted for approximately 13.5%.

* Core net profit represents profit attributable to equity holders excluding net foreign exchange gains/(losses) in the consolidated statement of profit or loss and net fair value gains/(losses) on investment properties held on a continuing basis (excluding investment properties disposed during the period) and the related tax effect.



MANAGEMENT DISCUSSION AND ANALYSIS

GREATER BAY AREA

In the first half of 2024, cities in the Greater Bay Area had relaxed their home purchase restriction policies and the real estate market in major cities underwent profound adjustments, but a lack of confidence among home buyers still existed, the supply and demand in the new home market dropped to the lowest levels seen in a decade, which posed challenges to corporate sales. The Group continued to deploy its resources in seven cities of the Greater Bay Area, including Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen, Zhongshan and Dongguan. In the first half of 2024, the contracted sales value of the Group in the Greater Bay Area amounted to approximately RMB26.11 billion in total, accounting for approximately 47.1% of the Group's contracted sales value.

In the first half of 2024, Guangzhou's property market saw a substantial relaxation of real estate policies, the transaction volume of regional commercial residential properties was, however, increasingly differentiated. Although the market saw a rebound in the transaction volume of commercial residential properties in June, fueled by the positive effects of new policies, the overall transaction volume for the first half of the year fell to its lowest level in the past 15 years. The Group maintained its leading contracted sales performance in Guangzhou, with a contracted sales value of approximately RMB23.05 billion, accounting for approximately 41.6% of the Group's contracted sales value.

In the first half of 2024, Shenzhen optimised its home purchase restriction policies, and the secondary residential market gradually recovered, with the transaction volume of second-hand residential properties hitting a two-year high in June, while both supply and transaction volume of the commercial residential property market recorded a period-to-period decline in the first half of the year. In the first half of 2024, the Group recorded the contracted sales value in Shenzhen of approximately RMB0.97 billion.

In the first half of 2024, the property policies in Foshan, Dongguan, Zhongshan and Jiangmen remained loose, while the overall market performance was sluggish, with a period-to-period decline in both supply and demand. In the first half of 2024, the contracted sales value of the Group in the aforesaid four cities amounted to approximately RMB2.09 billion.

EASTERN CHINA

In the first half of 2024, the Group has established operations in six cities within Eastern China, including Shanghai, Hangzhou, Suzhou, Nantong, Nanjing and Ningbo. In the first half of 2024, Shanghai continued to loosen its property policies, constant demand and improvement demand continued to be released in the city. Benefiting from the active supply in mid-to-high-end projects, the average selling price of new houses hit a record high in recent years, whereas both the supply and demand for commercial residential properties declined period-to-period. Hangzhou fully liberalised its purchase restriction policy to stimulate the release of demand, resulting in the transaction volume of second-hand houses significantly outpacing that of new houses, with a significant period-to-period decrease in the transaction scale of new houses. The property markets in Suzhou, Nanjing, Ningbo and Nantong continued to make adjustments for bottoming out, with a period-to-period decline in both supply and demand. In the first half of 2024, the contracted sales value of the Group in Eastern China was approximately RMB12.88 billion, representing a period-to-period decrease of 30.9% and accounting for approximately 23.2% of the Group's contracted sales value.

MANAGEMENT DISCUSSION AND ANALYSIS

CENTRAL AND WESTERN CHINA

In the first half of 2024, the Group has established operations in nine cities across Central and Western China, including Wuhan, Xiangyang, Zhengzhou, Hefei, Changsha, Chenzhou, Chongqing, Chengdu and Xi'an. Wuhan continued to optimise the loose policy environment. Following the introduction of the optimised policy in the second quarter, the market saw ongoing slight improvement in transaction volume, while the transaction scale of commercial residential properties recorded a significant period-to-period decrease in the first half of the year, and remained under great pressure. Hefei kept intensifying its efforts to optimise policies for the property market, the market activity has therefore increased, but the residential market experienced a significant decline. Though the regulatory policy for the property market in Changsha was loosened continuously, the residential house sales in the first half of the year continued to show bottom-out adjustments and remained at a low level. More time is required for the recovery of market confidence and expectations. Zhengzhou kept intensifying its policy efforts, with the sales of new house market showing a rebound trend from low level. Chongqing implemented various policies for the property market to stimulate market potential but did not receive great market feedback, with a decrease in both transaction volume and prices of new houses, and the property market continued to show a declining trend. Chengdu officially removed its restriction policy on house purchases in the second quarter, which played a supporting role in the supply and demand of commercial residential properties, however, the transaction scale of Chengdu declined in the first half of the year. In the first half of the year, Xi'an launched the property optimisation policy, but the customer wait-and-see sentiment continued. In the first half of 2024, the contracted sales value of the Group in Central and Western China amounted to approximately RMB8.94 billion, representing a period-to-period decrease of 25.8% and accounting for approximately 16.2% of the Group's contracted sales value.

NORTHERN CHINA

In the first half of 2024, the Group has established operations in five cities within Northern China, including Beijing, Shenyang, Qingdao, Ji'nan and Yantai. In the first half of 2024, Beijing implemented a number of new policies to optimise the property market, which led to a short-term rebound in the market. However, the market performance was still relatively sluggish, with period-to-period declines in the transaction volume of both new and second-hand houses, and a fall in prices. The property market in Qingdao deepened its adjustment, recording a sustained decrease in the scale of supply and demand, while commercial residential property market in Ji'nan experienced overall weaker growth, with a period-to-period decline in the supply and sales. In the first half of 2024, the contracted sales value of the Group in Northern China amounted to approximately RMB7.47 billion, representing a period-to-period increase of 9.6% and accounting for approximately 13.5% of the Group's contracted sales value.

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted sales of the Group in the first half of 2024 are summarised as follows:

City	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
Guangzhou	556,900	23,051	41,400
Shenzhen	11,900	968	81,300
Foshan	54,300	1,066	19,600
Dongguan	10,400	209	20,100
Jiangmen	29,900	215	7,200
Zhongshan	44,600	601	13,500
Subtotal (Greater Bay Area)	708,000	26,110	36,900
Shanghai	8,300	998	120,200
Hangzhou	290,600	9,284	31,900
Suzhou	37,800	631	16,700
Nantong	10,100	187	18,500
Nanjing	59,100	1,582	26,800
Ningbo	11,000	195	17,700
Subtotal (Eastern China Region)	416,900	12,877	30,900
Wuhan	66,100	1,312	19,800
Hefei	74,800	1,140	15,200
Xiangyang	26,200	200	7,600
Zhengzhou	131,800	1,831	13,900
Changsha	59,700	682	11,400
Chenzhou	100	1	10,000
Chongqing	38,700	556	14,400
Chengdu	122,100	2,883	23,600
Xi'an	14,300	336	23,500
Subtotal (Central and Western China Region)	533,800	8,941	16,700
Beijing	87,100	5,553	63,800
Shenyang	3,600	40	11,100
Qingdao	91,100	1,485	16,300
Yantai	7,600	57	7,500
Ji'nan	31,400	338	10,800
Subtotal (Northern China Region)	220,800	7,473	33,800
Total	1,879,500	55,401	29,500

MANAGEMENT DISCUSSION AND ANALYSIS

RECOGNISED SALES

In the first half of 2024, the value of the recognised sales (including the sales of investment properties) and GFA of the recognised sales were approximately RMB32.89 billion and 1.39 million sq.m. respectively, representing a period-to-period increase of 8.9% and 4.4%, respectively, and the average selling price was approximately RMB23,700 per sq.m..

Recognised sales of the Group in the first half of 2024 are summarised as follows:

City	GFA (sq.m.)	Value (RMB million)	ASP (RMB/sq.m.)
Guangzhou	604,000	18,790	31,100
Shenzhen	9,100	374	41,100
Foshan	109,500	2,173	19,800
Jiangmen	11,900	85	7,100
Zhongshan	38,900	565	14,500
Subtotal (Greater Bay Area)	773,400	21,987	28,400
Shanghai	25,500	1,740	68,200
Hangzhou	17,300	132	7,600
Nanjing	67,200	1,648	24,500
Ningbo	10,800	179	16,600
Suzhou	159,300	2,724	17,100
Subtotal (Eastern China Region)	280,100	6,423	22,900
Wuhan	8,400	175	20,800
Changsha	3,400	39	11,500
Chengdu	40,000	825	20,600
Chongqing	103,000	1,549	15,000
Zhengzhou	136,700	1,588	11,600
Chenzhou	14,200	78	5,500
Subtotal (Central and Western China Region)	305,700	4,254	13,900
Shenyang	2,600	24	9,200
Qingdao	22,900	166	7,200
Yantai	500	1	2,000
Ji'nan	1,300	31	23,800
Subtotal (Northern China Region)	27,300	222	8,100
Total	1,386,500	32,886	23,700

UNRECOGNISED SALES

As of 30 June 2024, the unrecognised sales value amounted to approximately RMB190.91 billion, representing a decrease of 4.2% as compared to that as of the beginning of the year, and the unrecognised sales GFA was approximately 5.12 million sq.m., representing a decrease of 5.4% as compared to that as of the beginning of the year. The average selling price was approximately RMB37,300 per sq.m., representing an increase of 1.4% as compared to that as of the beginning of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

LANDBANK

In the first half of 2024, the Group has newly acquired 12 land parcels located in Beijing, Shanghai, Guangzhou, Hangzhou, Hefei, Chengdu and Zhongshan with a total GFA of approximately 1.72 million sq.m..

The land parcels newly acquired by the Group in the first half of 2024 are summarised as follows:

No.	Project	Equity Holding	Total GFA (sq.m.)
1	Guangzhou World Grand Land III	52.51%	47,700
2	Guangzhou Pazhou South TOD II	19.10%	583,600
3	Guangzhou Wonder City	51.39%	136,500
4	Zhongshan Yuexiu Glamorous Mansion	48.45%	209,300
5	Shanghai Jing'an Zhongxing Land	95.00%	31,800
6	Shanghai Yangpu Land	95.00%	26,600
7	Hangzhou River Inherit	31.04%	92,700
8	Hangzhou View Emerald	39.94%	134,700
9	Hefei Binhu Science City Land	99.64%	114,200
10	Chengdu Wuhou Land	27.73%	80,400
11	Chengdu Chenghua Land III	99.17%	51,300
12	Beijing Shining Star	32.84%	213,300
	Total		1,722,100

As of 30 June 2024, the landbank of the Group reached approximately 25.03 million sq.m., located in 27 cities in China, and the structure and regional layout of the landbank continued to improve. Geographically, Greater Bay Area, Eastern China, Central and Western China, and Northern China accounted for approximately 41.2%, 19.1%, 29.0% and 10.7%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The landbank of the Group is summarised as follows:

No.	Project	LANDBANK	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
1	Guangzhou Tianhe Grand Mansion	241,700	241,700	—
2	Guangzhou Naturalistic Mansion	220,600	151,100	69,500
3	Guangzhou World Grand Land II	153,500	95,600	57,900
4	Guangzhou World Grand Land III	47,700	—	47,700
5	Guangzhou Pazhou South TOD	429,100	429,100	—
6	Guangzhou Pazhou South TOD II	583,600	101,500	482,100
7	Guangzhou Pazhou Shade	128,800	128,800	—
8	Guangzhou Pazhou West Land	49,500	49,200	300
9	Guangzhou River Mansion	28,400	28,400	—
10	Guangzhou Galaxy Bay	270,600	108,700	161,900
11	Guangzhou Jiangwan Grand Mansion	218,700	10,900	207,800
12	Guangzhou Joy Cloud	192,800	192,800	—
13	Guangzhou Joy Lake	231,000	231,000	—
14	Guangzhou Joy Golden Sands	257,300	257,300	—
15	Guangzhou Baiyun Starry City	854,600	120,700	733,900
16	Guangzhou Baiyun Guanglong Land II	90,600	—	90,600
17	Guangzhou Oasis Mansion	165,200	165,200	—
18	Guangzhou Infinity TOD	330,100	330,100	—
19	Guangzhou Wonder City	136,500	103,100	33,400
20	Guangzhou University Grow-up City	399,600	182,000	217,600
21	Guangzhou Starry Wenxi	46,700	46,700	—
22	Guangzhou University Town Starry City	162,200	162,200	—
23	Guangzhou Panyu Jinan University Land II	329,700	—	329,700

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
24	Guangzhou University Town Grand Mansion	196,900	196,900	—
25	Guangzhou Voyage TOD	41,400	41,400	—
26	Guangzhou Fantasy TOD	22,400	22,400	—
27	Guangzhou TOD Town	76,800	76,800	—
28	Guangzhou Mountain Living	119,500	119,500	—
29	Nansha Southern Le Sand	417,100	—	417,100
30	Nansha Tianyu Square	50,300	50,300	—
31	Nansha International Financial Center	60,000	60,000	—
32	Nansha Joy Bay	101,100	101,100	—
33	Nansha Flourishing Bay	214,800	214,800	—
34	Nansha Ocean One	41,700	41,700	—
35	Nansha Golden Bay	188,500	188,500	—
36	Nansha Joy Bay	90,800	90,800	—
37	Nansha Bay City	494,100	228,000	266,100
38	Nansha Qingsheng Industrial Park	153,700	75,900	77,800
39	Nansha Hong Kong People's Community	478,200	80,000	398,200
40	Guangzhou Galaxy TOD	763,400	477,400	286,000
41	Zengcheng Joy Mountain	85,000	85,000	—
42	Conghua Glade Village	23,700	—	23,700
43	Shenzhen Shade Walk	80,600	80,600	—
44	Shenzhen Coast Walk	96,500	96,500	—
45	Nanhai Starry Wenhan	96,000	96,000	—
46	Nanhai Imperial Pearl	54,400	54,400	—
47	Dongguan Cloud Lake	23,300	23,300	—
48	Dongguan Joy Bay	199,300	199,300	—
49	Jiangmen Starry Guanlan	227,100	227,100	—
50	Zhongshan Yuexiu Emyprean	71,200	71,200	—

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
51	Zhongshan Yuexiu Glamorous Mansion	209,300	209,300	—
52	Hong Kong Yau Tong Project	72,100	—	72,100
	Subtotal (Greater Bay Area)	10,317,700	6,344,300	3,973,400
53	Shanghai Jing'an Yue	17,800	17,800	—
54	Shanghai Jing'an Zhongxing Land	31,800	—	31,800
55	Shanghai Hongkou Land	35,900	—	35,900
56	Shanghai Putuo Land	101,100	101,100	—
57	Shanghai City Gather	125,400	125,400	—
58	Shanghai Yangpu Land	26,600	26,600	—
59	Shanghai Urban Prism	268,200	268,200	—
60	Hangzhou Starry City	196,100	—	196,100
61	Hangzhou Villa Layer	137,800	137,800	—
62	Hangzhou Celestial Ocean	219,500	219,500	—
63	Hangzhou Celestial Palace	73,800	73,800	—
64	Hangzhou River Inherit	92,700	90,200	2,500
65	Hangzhou View Emerald	134,700	134,700	—
66	Hangzhou Tide Joy City	266,800	266,800	—
67	Hangzhou Era Mansion	142,100	142,100	—
68	Hangzhou Silk Villa (previous name: Hangzhou Hushu Land)	72,500	72,500	—
69	Hangzhou Opus Mansion	75,200	75,200	—
70	Hangzhou Jadeite	213,400	213,400	—
71	Hangzhou Infinite Island	370,700	370,700	—
72	Hangzhou Tingcui Mansion	200,300	200,300	—
73	Hangzhou Infinite Affluent	478,500	275,000	203,500
74	Hangzhou Twinkle Mansion	142,800	142,800	—
75	Hangzhou Joy Paragon	69,200	69,200	—
76	Hangzhou Joy Mansion	76,900	76,900	—

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
77	Suzhou Taicang Never Land	519,800	205,600	314,200
78	Nantong Luminous Mansion	142,900	142,900	—
79	Nanjing Grand Mansion	89,100	89,100	—
80	Nanjing Art Cloud	88,700	88,700	—
81	Nanjing Art Times	95,400	95,400	—
82	Nanjing Treasure	143,500	143,500	—
83	Nanjing Jade Mansion	89,900	89,900	—
84	Nanjing Wonderland	45,600	45,600	—
	Subtotal (Eastern China Region)	4,784,700	4,000,700	784,000
85	Wuhan Yuexiu Literary Luxe (previous name: Wuhan Qiaokou Land)	118,900	118,900	—
86	Wuhan Hanyang Starry Winking	481,000	203,900	277,100
87	Wuhan Yuexiu Mansion	70,800	70,800	—
88	Xiangyang Starry City	186,000	186,000	—
89	Xiangyang Joy Cloud	148,200	148,200	—
90	Hefei Starry Junlan	194,900	194,900	—
91	Hefei Tan Gim	169,300	169,300	—
92	Hefei Central Luxury (previous name: Hefei Baohe Land)	99,400	99,400	—
93	Hefei Binhu Land	55,000	55,000	—
94	Hefei Binhu Science City Land	114,200	55,200	59,000
95	Hefei Joy Yunting	225,100	225,100	—
96	Hefei Joy Winking	171,500	171,500	—
97	Zhengzhou Yuexiu Future Mansion	410,500	410,500	—
98	Zhengzhou Joy Bay	544,900	77,200	467,700
99	Zhengzhou Elegant Mansion	38,800	38,800	—
100	Changsha Scenery Culture	93,300	93,300	—
101	Changsha Smart Science City	171,500	171,500	—
102	Changsha Mountain Mansion	196,300	—	196,300
103	Changsha Starry City	243,400	243,400	—
104	Changsha Joy Star	261,500	186,100	75,400

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	LANDBANK GFA (sq.m.)	PUD GFA (sq.m.)	PFD GFA (sq.m.)
105	Chenzhou Starry City	848,300	331,300	517,000
106	Chongqing Impressive Lake	40,200	40,200	—
107	Chongqing Avant Garde	117,200	117,200	—
108	Chongqing Galaxy Garden	329,600	76,100	253,500
109	Chengdu Empyreal Winking	64,700	64,700	—
110	Chengdu Wuhou Land	80,400	—	80,400
111	Chengdu Joy Cloud	133,200	133,200	—
112	Chengdu Casa Style (previous name: Chengdu Chenghua Land II)	90,900	90,900	—
113	Chengdu Chenghua Land III	51,300	—	51,300
114	Chengdu Lake Mansion	196,600	196,600	—
115	Chengdu Lakeside Life	175,700	—	175,700
116	Xi'an Oriental Mansion	374,700	374,700	—
117	Xi'an Gaoxin Land I	162,800	162,800	—
118	Xi'an Citypark Mansion (previous name: Xi'an Gaoxin Land II)	186,800	186,800	—
119	Xi'an Gaoxin Land III	303,400	230,000	73,400
120	Haikou Simapo Island Project	100,500	—	100,500
	Subtotal (Central and Western China Region)	7,250,800	4,923,500	2,327,300
121	Beijing Fragrant Shade	164,700	164,700	—
122	Beijing Yuexiu Tianyue	94,100	94,100	—
123	Beijing Yuexiu Melody	175,300	175,300	—
124	Beijing Shining Star	213,300	213,300	—
125	Beijing Hill Mansion	329,200	329,200	—
126	Shenyang Starry Winking	16,500	16,500	—
127	Shenyang Hill Lake	216,000	38,900	177,100
128	Qingdao Grand Mansion	132,500	98,000	34,500
129	Qingdao Magnificent Bay	37,400	37,400	—
130	Qingdao Inner Peace	666,300	464,100	202,200
131	Qingdao Starry City	186,200	45,600	140,600
132	Qingdao Pingdu Southern New Town Land II	268,200	—	268,200
133	Yantai Joy Mansion	65,300	65,300	—
134	Ji'nan Hillside Mansion	116,800	116,800	—
	Subtotal (Northern China Region)	2,681,800	1,859,200	822,600
	Total	25,035,000	17,127,700	7,907,300

MANAGEMENT DISCUSSION AND ANALYSIS

CONSTRUCTION PROGRESS

The Group strived to accelerate development efficiency and turnover rate. During the first half of 2024, project development was in line with the Group's schedule. New commencement of construction and completion projects are summarised as follows:

	First half of 2024 Actual GFA (sq.m.)	2024 Planned GFA (sq.m.)
Construction progress		
New commencement of construction	1,777,400	4,062,300
Completion*	2,361,200	7,792,800

* Completion for consolidation GFA in the first half of 2024 (Actual) and 2024 (Estimated) are 1.56 million sq.m. and 5.21 million sq.m. respectively.

OTHER GAINS AND LOSSES

In the first half of 2024, the Group's other gains, net amounted to approximately RMB91 million, which was mainly due to the combined effect of losses on revaluation of investment properties, net at the end of period of approximately RMB99 million, penalty income of approximately RMB82 million and dividend income from equity investments at fair value through other comprehensive income of approximately RMB66 million.

As of 30 June 2024, the Group owned investment properties under lease of approximately 970,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 36.8%, 49.6% and 13.6%, respectively. The Group recorded rental income of approximately RMB297 million in the first half of 2024, representing a period-to-period increase of 41.3%, which was mainly due to the increase in the rental income of Guangzhou ICC and Wuhan International Financial City.

In the first half of 2024, the Group recorded losses on revaluation of investment properties, net of approximately RMB99 million, which was mainly attributable to the losses on revaluation of approximately RMB73 million recorded for the period on the self-owned properties designated for affordable rental housing use of the Guangzhou Chentougang project, whose valuation remained stable at the end of period despite the increase in cost investment.

SELLING AND MARKETING EXPENSES

In the first half of 2024, the Group's selling and marketing expenses were approximately RMB1,092 million, representing a period-to-period increase of 49.3%, which was mainly because the Group adopted more diversified marketing strategies to further facilitate properties sales. The selling and marketing expenses accounted for 3.1% of total revenue for the period, increased by 0.8 percentage point from 2.3% for the same period of 2023.

ADMINISTRATIVE EXPENSES

In the first half of 2024, the Group's administrative expenses amounted to approximately RMB579 million, representing a period-to-period decrease of 6.1%, which was mainly because the Group continued to strengthen expense control and strictly implemented the expense budget. The administrative expenses accounted for 1.6% of total revenue for the period, decreased by 0.3 percentage point from 1.9% for the same period of 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

In the first half of 2024, the finance costs of the Group amounted to approximately RMB242 million, representing a decrease of RMB56 million as compared to the interim period of 2023. This was mainly because the Company recorded a decrease in the weighted average borrowing interest rate and a slight increase in the interest capitalisation ratio for the period, resulting in a period-to-period decrease of RMB36 million in the expensed interest. As the overall financing environment has remained moderate since the first half of 2024, the Group's weighted average borrowing interest rate for the period declined to 3.57% per annum from 3.98% per annum for the same period of 2023.

SHARE OF PROFIT FROM ASSOCIATES

In the first half of 2024, the overall net profit from associates attributable to the Group was approximately RMB391 million, including gains on the investment in Yuexiu Real Estate Investment Trust ("Yuexiu REIT") of approximately RMB18 million in the first half of the year.

In the first half of 2024, the total distributable amount of Yuexiu REIT amounted to approximately RMB185 million, representing a period-to-period decrease of 29.1%, and the cash distribution attributable to the Group amounted to approximately RMB72 million.

BASIC EARNINGS PER SHARE

In the first half of 2024, basic earnings per share attributable to the equity holders of the Company (calculated based on the weighted average number of ordinary shares in issue) were RMB0.4550 (in the first half of 2023: RMB0.6345).

During the six months ended 30 June 2023, the Company completed the rights issue of 928,936,826 rights shares at the subscription price of HKD9.00 per rights share on the basis of 30 rights shares for every 100 shares held by qualifying shareholders on the record date (i.e. 10 May 2023).

The weighted average number of 3,431,871,678 ordinary shares for the first half of 2023 was derived from ordinary shares in issue as at 1 January 2023 after taking into account the effects of the rights issue abovementioned.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend for 2024 of HKD0.189 per share (equivalent to RMB0.173 per share) (2023 interim: HKD0.232 per share equivalent to RMB0.213 per share) to shareholders whose names appear on the Register of Members of the Company on 18 October 2024. The interim dividend will be distributed to shareholders on or around 21 November 2024.

Dividends payable to shareholders will be paid in HKD. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People's Bank of China ("PBOC") in the five business days preceding the date of dividend declaration.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasised on funding management and risk control, established a sustainable and sound monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores more funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

In the first half of 2024, the Group obtained new borrowings of approximately RMB20.58 billion, including onshore borrowings of approximately RMB17.39 billion and offshore borrowings of approximately RMB3.19 billion. As at 30 June 2024, total borrowings amounted to approximately RMB110.24 billion (31 December 2023: RMB104.37 billion), cash and cash equivalents, time deposits, charged bank deposits, time deposits and other restricted deposits amounted to approximately RMB48.14 billion, and the net gearing ratio was 58.6%, which was calculated as net debt (i.e., total borrowings less cash and cash equivalents, time deposits, charged bank deposits, time deposits and other restricted deposits) divided by total equity. Borrowings due within one year accounted for approximately 28% of the total borrowings (31 December 2023: 22%), fixed-rate borrowings accounted for approximately 43% of the total borrowings (31 December 2023: 44%). As the overall financing environment has remained moderate since the first half of 2024, the Group's weighted average borrowing interest rate for the period was approximately 3.57% per annum, decreased by 41 basis points from 3.98% per annum for the same period of 2023.

As at 30 June 2024, among the Group's total borrowings, approximately 54% was RMB denominated bank borrowings and other borrowings (31 December 2023: 54%), 11% was Hong Kong dollar denominated bank borrowings (31 December 2023: 10%), 7% was Hong Kong dollar and US dollar denominated medium-to-long term notes (31 December 2023: 7%), and 28% was RMB denominated medium-to-long term notes (31 December 2023: 29%).

WORKING CAPITAL

On 30 June 2024, the Group's working capital (current assets less current liabilities) amounted to approximately RMB126.11 billion (31 December 2023: approximately RMB128.08 billion). The Group's current ratio (current assets divided by current liabilities) was 1.5 times (31 December 2023: 1.6 times). Cash and cash equivalents and current portion of time deposits amounted to approximately RMB26.34 billion (31 December 2023: RMB29.27 billion). Charged bank deposits amounted to approximately RMB20.37 billion (31 December 2023: RMB16.83 billion). Undrawn committed bank facilities amounted to approximately RMB67.72 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

The Group's debts are summarised as follows:

	As at	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Borrowings and notes		
Denominated in RMB	90,283,393	86,572,838
Denominated in HKD	14,265,748	12,144,144
Denominated in USD	5,690,141	5,653,881
Total borrowings and notes	110,239,282	104,370,863
Bank overdrafts	36	35
Total debts	110,239,318	104,370,898
Ageing analysis:		
Within one year	30,534,574	22,975,869
In the second year	28,150,191	22,785,857
In the third to fifth year	38,474,409	46,005,776
Over five years	13,080,144	12,603,396
Total borrowings	110,239,318	104,370,898
Lease liabilities	858,576	839,021
Less: Cash and cash equivalents and current portion of time deposits	(26,335,044)	(29,265,250)
Net borrowings	84,762,850	75,944,669
Total equity	106,061,519	102,208,780
Total capital	190,824,369	178,153,449
Gearing ratio (net borrowings divided by total capital)	44.4%	42.6%



MANAGEMENT DISCUSSION AND ANALYSIS

INTEREST RATE EXPOSURE

The Group's interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars and US dollars. As of 30 June 2024, among the total borrowings of the Group, approximately 46% was floating rate bank loans denominated in Renminbi, approximately 11% was floating rate bank loans denominated in Hong Kong dollars, approximately 8% was fixed rate bank loans and other borrowings denominated in Renminbi, approximately 28% was medium-to-long term fixed rate bonds denominated in Renminbi, and approximately 7% was medium-to-long term fixed rate notes denominated in US dollars and Hong Kong dollars.

From early 2022 to July 2023, the Federal Reserve has significantly raised interest rates to control high inflation and has maintained high interest rates ever since. The market expects that the ongoing tightening of monetary policy will increase the risk of a recession in the United States. As inflation in the United States has gradually eased since 2024, the market estimates inflation to remain under control, although it remains above the 2% target. As such, the prevailing market view is that the US economic growth will slow down gradually, achieving a soft landing. The market expects that the Federal Reserve will begin cutting interest rates in September 2024, as the US presidential election will be held in November this year. The final size and frequency of interest rate cuts during the year will depend on the US economic data.

With respect to Renminbi interest rates, the PBOC has gradually intensified its efforts to implement an easing monetary policy since 2024 to stimulate economic recovery and enhance the management and control of the domestic property market exposure by cutting reserve requirement ratio and lowering interest rates. The market expects that the central government will continue to introduce more policies to accelerate economic recovery during the year. It is expected that more apparent signs of economic recovery will be observed in the future.

Hong Kong dollar interest rates are expected to follow the trend of US dollar interest rates. Since 2024, Hong Kong dollar interest rates have been lower than US dollar interest rates, with the current one-month HIBOR being over 1% lower than the US dollar Term SOFR, a historically high level. The interest rate spread is expected to gradually narrow. The high interest rate spread is primarily due to the weak demand for short-term Hong Kong dollar loans and the absence of large-scale listing and fundraising activities in the market. The Group's offshore floating rate borrowings are mainly borrowings denominated in Hong Kong dollars. Currently, the Group continuously tracks the IRS quotes of market interest rates to appropriately hedge certain borrowing interest rate exposure at appropriate market trend forecasts and reasonable costs. During the reporting period, the Group did not arrange interest-rate hedging instruments.

The weighted average borrowing interest rate of the Group for the first half of 2024 was approximately 3.57% per annum, decreased by 41 basis points period-to-period. The Group will continue to pay close attention to changes in domestic and foreign interest rate market and continuously optimise its debt structure to manage its interest rate exposure.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are denominated primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to enhance the management and control of the foreign exchange exposure. As at 30 June 2024, among the borrowings denominated in foreign currencies, approximately HKD13.36 billion (equivalent to approximately RMB12.19 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD0.8 billion (equivalent to approximately RMB5.70 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD2.3 billion (equivalent to approximately RMB2.10 billion) was medium-to-long term notes denominated in Hong Kong dollars. Approximately 18% of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, hedging products were purchased to manage part of foreign exchange exposures with respect to the borrowings denominated in foreign currencies equivalent to approximately RMB7.66 billion. The Group currently has limited foreign exchange exposure with controllable exchange rate risks.

MANAGEMENT DISCUSSION AND ANALYSIS

Since 2024, China's economy has gradually recovered, albeit slower than expected. In response to the challenges faced by its domestic economy, such as the under-performance of the stabilisation in real estate market, export growth and domestic consumption, leading to ongoing fluctuation and pressure on the RMB exchange rates, China implemented various stabilisation measures to stabilise the RMB exchange rates. The unwinding of the Japanese yen in the market triggered by the yen rate hike at the end of July sparked a global financial market turmoil, leading to a short-term strength in RMB exchange rates, which is currently fluctuating within a narrow range. The market expects the Federal Reserve to start interest rate cuts in September, which is anticipated to stabilise and slightly strengthen the RMB exchange rates. Benefiting from increased domestic policy support, China's economy is expected to record a significant improvement in the fourth quarter of 2024, and the RMB exchange rates are expected to remain stable and slightly stronger than at present, with narrow fluctuations at the end of the year.

The Group will continue to keep track of developments in the foreign exchange market, manage risk exposures, appropriately adopt financial instruments for hedging and risk management, and continuously optimise its debt structure to manage and control its foreign exchange risk.

CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 30 June 2024, total contingent liabilities relating to these guarantees amounted to approximately RMB38.54 billion (31 December 2023: RMB42.36 billion).

As of 30 June 2024, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB9,380 million (31 December 2023: RMB9,316 million) in respect of loans borrowed by joint ventures and associates of the Group, among which, guarantee of approximately RMB1,382 million (31 December 2023: RMB2,385 million) was utilised and guarantee of approximately RMB7,998 million (31 December 2023: RMB6,931 million) was not utilised yet.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had approximately 18,800 employees (31 December 2023: 19,300 employees). Total remuneration paid to the employees of the Group for the six months ended 30 June 2024 was approximately RMB1,632 million. The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. The Group adopted the Share Incentive Scheme on 2 December 2016 and the Share Award Scheme on 17 March 2017. Both schemes will (i) provide the selected participants (including Directors, senior management, middle management and other employees) with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Group, the Company and its shareholders, with a view to achieving the objective of aligning the interests of the selected participants with those of the shareholders of the Company. Details of the Share Incentive Scheme and Share Award Scheme were respectively disclosed in the announcements dated 2 December 2016 and 17 March 2017.



MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

Certain loan agreements of the Company and its subsidiaries (“Loan Agreements”) include a condition that imposes one or more of the following specific performance obligations on Yue Xiu Enterprises (Holdings) Limited, the controlling shareholder of the Company, or (as the case may be) Guangzhou Yue Xiu Holdings Limited, the ultimate controlling shareholder of the Company:

- (i) the controlling shareholder remains to be the single largest beneficial shareholder of the Company;
- (ii) the controlling shareholder maintains a shareholding interest of not less than 35% or 30% in the issued voting shares of the Company;
- (iii) the controlling shareholder maintains effective management control over the Company.

As at 30 June 2024, the aggregate balance of the loans provided was HKD13,360,000,000. Such Loan Agreements will expire from 19 July 2024 to 10 October 2026.

Breach of the above specific performance obligations will constitute an event of default. Upon the occurrence of such event of default, the relevant bank may declare the relevant facility to be terminated and all the indebtedness under the relevant facility would become due and payable.

On 20 January 2021, Westwood Group Holdings Limited (“Westwood”), an indirect wholly-owned subsidiary of the Company, issued USD600 million 2.80 per cent. guaranteed notes due 2026 (the “2026 Notes”) and USD150 million 3.80 per cent. guaranteed notes due 2031 to investors under the USD3,000 million Guaranteed MTN Programme (updated on 11 January 2021). On 26 January 2021, Westwood issued USD50 million 2.80 per cent. guaranteed notes due 2026 to investors (to be consolidated and form a single series with the 2026 Notes). Pursuant to the terms and conditions of the programme, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcements dated 13 January 2021 and 21 January 2021) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 16 January 2023, Joy Delight International Limited (“Joy Delight”), an indirect wholly-owned subsidiary of the Company, issued CNY2,000 million 4.00 per cent. guaranteed notes due 2026 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 10 January 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 12 May 2023, Joy Delight issued CNY1,396 million 3.80 per cent. guaranteed notes due 2026 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 8 May 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 15 November 2023, Joy Delight issued CNY510 million 4.00 per cent. guaranteed notes due 2026 (which were upsized on 19 January 2024 such that the aggregate principal amount of such notes reached CNY1,210 million) to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 9 November 2023) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the noteholders are entitled to exercise their change of control put options.

On 15 July 2024, Joy Delight issued CNY1,690 million 4.10 per cent. guaranteed green notes due 2027 to investors. Pursuant to the terms and conditions of the notes, Guangzhou Yue Xiu Holdings Limited is required to maintain control (as defined in the announcement dated 8 July 2024) of the Company. Breach of the above obligation will cause a default under the terms and conditions whereby the holders of the green notes are entitled to exercise their change of control put options.

These obligations have been duly complied with for the six months ended 30 June 2024.

INDEPENDENT REVIEW REPORT



To the board of directors of Yuexiu Property Company Limited

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 65, which comprises the condensed consolidated statement of financial position of Yuexiu Property Company Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

28 August 2024



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Revenue	5	35,340,264	32,095,187
Cost of sales		(30,492,905)	(26,394,821)
Gross profit		4,847,359	5,700,366
Income from sales of investment properties		—	14,929
Carrying amounts of investment properties sold		—	(4,310)
Gain on sales of investment properties		—	10,619
Other gains and losses	6	91,216	(16,393)
Selling and marketing expenses		(1,091,707)	(731,434)
Administrative expenses		(578,900)	(616,355)
Operating profit		3,267,968	4,346,803
Finance income	7	336,622	397,342
Finance costs	8	(241,832)	(298,092)
Share of profits of			
– joint ventures		69,576	31,146
– associates		391,407	366,918
Profit before taxation		3,823,741	4,844,117
Taxation	10	(1,261,510)	(1,924,676)
Profit for the period		2,562,231	2,919,441
Attributable to:			
Equity holders of the Company		1,831,427	2,177,419
Non-controlling interests		730,804	742,022
		2,562,231	2,919,441
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	12	0.4550	0.6345

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit for the period	2,562,231	2,919,441
Other comprehensive income		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	7,689	131,675
Cash flow hedges	25,137	86,669
Share of other comprehensive loss of an associate accounted for using the equity method	(43,946)	(139,433)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(11,120)	78,911
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	2,116	(31,339)
Other comprehensive (loss)/income for the period, net of tax	(9,004)	47,572
Total comprehensive income for the period	2,553,227	2,967,013
Attributable to:		
Equity holders of the Company	1,822,267	2,226,369
Non-controlling interests	730,960	740,644
	2,553,227	2,967,013



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,776,113	2,802,071
Right-of-use assets	14	819,977	822,896
Investment properties	15	16,762,452	16,785,640
Intangible assets	16	510,054	514,128
Properties under development		8,745,937	8,739,490
Interests in joint ventures		6,708,538	6,007,696
Interests in associates		24,948,928	22,868,636
Financial assets at fair value through other comprehensive income ("FVOCI")		1,001,952	999,130
Derivative financial instruments		16,866	—
Time deposits and other restricted deposits	17	1,435,530	—
Deferred tax assets		3,454,628	3,474,680
Total non-current assets		67,180,975	63,014,367
CURRENT ASSETS			
Properties under development		207,657,762	202,613,968
Properties held for sale		43,077,194	36,334,751
Contract costs		924,523	1,121,745
Prepayments for land use rights		7,896,361	5,825,176
Trade and notes receivables	18	1,075,541	846,308
Other receivables, prepayments and deposits		39,073,390	37,859,433
Derivative financial instruments		239,204	229,536
Prepaid taxation		9,713,673	7,235,584
Time deposits	17	753,001	—
Charged bank deposits	17	20,368,280	16,832,610
Cash and cash equivalents	17	25,582,043	29,265,250
Total current assets		356,360,972	338,164,361
CURRENT LIABILITIES			
Trade and notes payables	19	1,653,815	1,330,814
Contract liabilities		88,842,558	87,653,832
Other payables and accruals		101,661,539	90,389,650
Borrowings	20	30,534,574	22,975,869
Lease liabilities		239,499	219,490
Taxation payable		7,314,883	7,516,884
Total current liabilities		230,246,868	210,086,539
NET CURRENT ASSETS		126,114,104	128,077,822
TOTAL ASSETS LESS CURRENT LIABILITIES		193,295,079	191,092,189

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2024

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Borrowings	20	79,704,744	81,395,029
Lease liabilities		619,077	619,531
Deferred tax liabilities		5,850,181	5,870,307
Deferred income		101,273	102,200
Derivative financial instruments		9,535	55,785
Other payables and accruals		948,750	840,557
Total non-current liabilities		87,233,560	88,883,409
Net assets		106,061,519	102,208,780
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	21	25,545,008	25,545,008
Shares held under share award scheme		(121,530)	(121,530)
Other reserves	22	2,805,399	2,757,989
Retained earnings	22	28,681,388	27,447,438
		56,910,265	55,628,905
Non-controlling interests		49,151,254	46,579,875
Total equity		106,061,519	102,208,780

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to equity holders of the Company										
	Share capital	Shares held under share award scheme	Statutory reserves	Exchange fluctuation reserve	Fair value reserve of financial assets at FVOCI	Hedging reserve	Others	Retained earnings	Subtotal	Non-controlling interests	Total
At 31 December 2023 (audited)	25,545,008	(121,530)	2,787,731	(931,451)	621,144	(172,175)	452,740	27,447,438	55,628,905	46,579,875	102,208,780
Profit for the period	—	—	—	—	—	—	—	1,831,427	1,831,427	730,804	2,562,231
Other comprehensive income/(loss) for the period:											
Currency translation differences	—	—	—	7,689	—	—	—	—	7,689	—	7,689
Change in fair value of financial assets at FVOCI, net of tax	—	—	—	—	1,960	—	—	—	1,960	156	2,116
Cash flow hedges	—	—	—	—	—	25,137	—	—	25,137	—	25,137
Share of other comprehensive loss of an associate accounted for using the equity method	—	—	—	—	—	—	(43,946)	—	(43,946)	—	(43,946)
Total comprehensive income/(loss) for the period	—	—	—	7,689	1,960	25,137	(43,946)	1,831,427	1,822,267	730,960	2,553,227
Capital injection to subsidiaries	—	—	—	—	—	—	—	—	—	1,940,016	1,940,016
Transfer to appropriation	—	—	53,937	—	—	—	—	(53,937)	—	—	—
Employee share schemes of a subsidiary	—	—	—	—	—	—	2,633	—	2,633	1,302	3,935
Dividend declared	—	—	—	—	—	—	—	(543,540)	(543,540)	—	(543,540)
Dividend declared/paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(100,899)	(100,899)
At 30 June 2024 (unaudited)	25,545,008	(121,530)	2,841,668	(923,762)	623,104	(147,038)	411,427	28,681,388	56,910,265	49,151,254	106,061,519

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to equity holders of the Company											
	Share capital RMB'000	Shares held under		Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Fair value reserve of financial assets at FVOCI RMB'000	Hedging reserve RMB'000	Others RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
		share award scheme										
		RMB'000	RMB'000									
At 31 December 2022 (audited)	18,035,015	(175,520)	2,288,604	(976,736)	639,270	(445,661)	510,804	27,553,847	47,429,623	37,363,118	84,792,741	
Profit for the period	—	—	—	—	—	—	—	2,177,419	2,177,419	742,022	2,919,441	
Other comprehensive income/(loss) for the period:												
Currency translation differences	—	—	—	131,675	—	—	—	—	131,675	—	131,675	
Change in fair value of financial assets at FVOCI, net of tax	—	—	—	—	(29,961)	—	—	—	(29,961)	(1,378)	(31,339)	
Cash flow hedges	—	—	—	—	—	86,669	—	—	86,669	—	86,669	
Share of other comprehensive loss of an associate accounted for using the equity method	—	—	—	—	—	—	(139,433)	—	(139,433)	—	(139,433)	
Total comprehensive income/(loss) for the period	—	—	—	131,675	(29,961)	86,669	(139,433)	2,177,419	2,226,369	740,644	2,967,013	
Rights issue	7,509,993	—	—	—	—	—	—	—	7,509,993	—	7,509,993	
Acquisition of non-controlling interests	—	—	—	—	—	—	(829)	—	(829)	(1,207,692)	(1,208,521)	
Non-controlling interests arising on acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	1,772,850	1,772,850	
Capital injection to subsidiaries	—	—	—	—	—	—	—	—	—	1,239,958	1,239,958	
Deregistration of subsidiaries	—	—	—	—	—	—	—	—	—	(5,350)	(5,350)	
Transfer to appropriation	—	—	152,744	—	—	—	—	(152,744)	—	—	—	
Vesting of shares	—	21,851	—	—	—	—	—	—	21,851	—	21,851	
Dividend declared	—	—	—	—	—	—	—	(1,942,320)	(1,942,320)	—	(1,942,320)	
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(48,835)	(48,835)	
At 30 June 2023 (unaudited)	25,545,008	(153,669)	2,441,348	(845,061)	609,309	(358,992)	370,542	27,636,202	55,244,687	39,854,693	95,099,380	



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Net cash generated from operations	11,960,105	18,461,090
Interest received	263,591	251,115
Interest paid	(2,254,380)	(2,156,947)
Chinese Mainland taxation paid	(3,839,063)	(5,238,594)
Net cash generated from operating activities	6,130,253	11,316,664
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net cash received/(paid)	1,331,562	(482,045)
Purchases of property, plant and equipment, investment properties and intangible assets	(159,784)	(135,126)
Proceeds from sale of investment properties, net of value-added taxes	—	14,929
Proceeds from sale of property, plant and equipment	672	35,142
Dividends received from associates	128,280	81,215
Increase in charged bank deposits	(3,535,670)	(5,701,510)
Increase in current portion of time deposits	(753,001)	—
Increase in non-current portion of time deposits	(1,380,000)	—
Increase in other restricted deposits	(55,530)	—
Capital injection in joint ventures and associates	(2,036,531)	(201,281)
Capital reduction from joint ventures and associates	321,188	380,000
Decrease in interests in joint ventures and associates	6,289	552,918
Decrease/(increase) in amounts due from joint ventures and associates	457,324	(744,728)
Proceeds from liquidation and disposal of joint ventures	—	1,133
Net cash used in investing activities	(5,675,201)	(6,199,353)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
FINANCING ACTIVITIES		
Rights issue	—	7,509,993
Capital contribution from non-controlling interests	1,940,016	1,240,266
Capital reduction from non-controlling interests due to deregistration of subsidiaries	—	(5,350)
Dividends paid to non-controlling interests	(66,482)	(48,835)
Increase/(decrease) in balances with joint ventures and associates	8,294,617	(564,509)
Increase/(decrease) in balances with other related parties	1,406,236	(7,498,276)
Decrease in balances with non-controlling interests and related parties of non-controlling interests	(3,119,530)	(3,382,398)
Proceeds from bank borrowings	6,822,810	24,130,388
Repayment of bank borrowings	(14,850,317)	(17,287,862)
Proceeds from other borrowings	698,180	8,785,400
Repayment of other borrowings	(630,000)	(5,043,325)
Repayment to financial institutions under supplier finance arrangements	(4,516,183)	(4,448,250)
Repayment of lease liabilities	(126,692)	(91,295)
Net cash (used in)/generated from financing activities	(4,147,345)	3,295,947
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,692,293)	8,413,258
Cash and cash equivalents at the beginning of period	29,265,215	21,846,429
Exchange gain on cash and cash equivalents	9,085	18,924
CASH AND CASH EQUIVALENTS AT END OF PERIOD	25,582,007	30,278,611
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	25,582,043	30,278,646
Bank overdrafts	(36)	(35)
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	25,582,007	30,278,611



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1 GENERAL INFORMATION

Yuexiu Property Company Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in development, selling and management of properties and holding of investment properties. The Group’s operations are primarily conducted in Chinese Mainland and Hong Kong.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 26th Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated.

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The financial information relating to the year ended 31 December 2023 that is included in the interim condensed consolidated financial information for the six months ended 30 June 2024 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company’s auditors have reported on the financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance (Cap. 622).

3.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of 2023 and corresponding interim reporting period, except for the adoption of revised HKFRSs as set out below.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The Group has assessed the impact of the adoption of these amended standards that are effective for the first time for this interim period. The adoption of these amended standards did not result in any significant impact on the results and financial position of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective for the financial year beginning 1 January 2024.

		Effective for accounting periods beginning on or after
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	No mandatory effective date yet determined but available for adoption
Amendments to HKAS 21	<i>Lack of Exchangeability</i>	1 January 2025

The above new standards and amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 January 2025 and have not been early applied in preparing these interim condensed consolidated financial statements. None of these is expected to have a significant effect on the interim condensed consolidated financial statements of the Group.

4 SEGMENT INFORMATION

The executive directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development units
Property management	revenue from provision of property management services
Property investment	property rental income
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on measurement of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the interim condensed consolidated financial information.

Total reportable segment assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the interim condensed consolidated statement of profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4 SEGMENT INFORMATION (Continued)

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2024 and 30 June 2023 respectively.

	Property development (Unaudited) RMB'000	Property management (Unaudited) RMB'000	Property investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2024					
Revenue	32,796,336	1,960,175	338,611	2,783,961	37,879,083
Inter-segment revenue	—	(531,768)	(41,749)	(1,965,302)	(2,538,819)
Revenue from external customers	32,796,336	1,428,407	296,862	818,659	35,340,264
Segment results	2,697,809	186,208	128,411	91,112	3,103,540
Depreciation and amortisation	(107,434)	(53,575)	—	(92,653)	(253,662)
Losses on revaluation of investment properties, net	—	—	(99,026)	—	(99,026)
Share of profits/(losses) of					
– joint ventures	90,148	469	—	(21,041)	69,576
– associates	363,614	—	17,829	9,964	391,407

	Property development (Unaudited) RMB'000	Property management (Unaudited) RMB'000	Property investment (Unaudited) RMB'000	Others (Unaudited) RMB'000	Group (Unaudited) RMB'000
Six months ended 30 June 2023					
Revenue	29,773,778	1,444,007	231,781	2,835,122	34,284,688
Inter-segment revenue	—	(460,240)	(21,700)	(1,707,561)	(2,189,501)
Revenue from external customers	29,773,778	983,767	210,081	1,127,561	32,095,187
Segment results	4,063,407	130,656	6,414	70,068	4,270,545
Depreciation and amortisation	(98,159)	(42,036)	—	(63,131)	(203,326)
Losses on revaluation of investment properties, net	—	—	(110,515)	—	(110,515)
Share of profits/(losses) of					
– joint ventures	34,681	28	—	(3,563)	31,146
– associates	335,225	—	39,357	(7,664)	366,918

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4 SEGMENT INFORMATION (Continued)

	Property development RMB'000	Property management RMB'000	Property investment RMB'000	Others RMB'000	Group RMB'000
As at 30 June 2024 (unaudited)					
Total reportable segments' assets	<u>370,349,834</u>	<u>6,603,283</u>	<u>22,922,836</u>	<u>6,804,778</u>	<u>406,680,731</u>
As at 31 December 2023 (audited)					
Total reportable segments' assets	<u>354,617,979</u>	<u>6,118,733</u>	<u>22,908,834</u>	<u>6,143,475</u>	<u>389,789,021</u>

A reconciliation of total segment results to total profit before taxation is provided as follows:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Segment results	3,103,540	4,270,545
Unallocated operating costs (note)	(25,814)	(17,864)
Other gains and losses (excluding losses on revaluation of investment properties, net) (note 6)	190,242	94,122
Operating profit	3,267,968	4,346,803
Finance income (note 7)	336,622	397,342
Finance costs (note 8)	(241,832)	(298,092)
Share of profits of		
– joint ventures	69,576	31,146
– associates	391,407	366,918
Profit before taxation	<u>3,823,741</u>	<u>4,844,117</u>

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

4 SEGMENT INFORMATION (Continued)

A reconciliation of total segment assets to total assets is provided as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Total reportable segments' assets	406,680,731	389,789,021
Deferred tax assets	3,454,628	3,474,680
Prepaid taxation	9,713,673	7,235,584
Corporate assets (note)	3,692,915	679,443
Total assets	<u>423,541,947</u>	<u>401,178,728</u>

Note: Corporate assets represent property, plant and equipment, intangible assets, other receivables and cash and cash equivalent of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in Chinese Mainland and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in Chinese Mainland.

For the six months ended 30 June 2024, the Group does not have any single customer with the transaction value over 10% of the Group's total external sales (six months ended 30 June 2023: none).

5 REVENUE

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<i>Revenue from contracts with customers</i>		
Property development	32,796,336	29,773,778
Property management	1,428,407	983,767
Others	818,659	1,127,561
	<u>35,043,402</u>	<u>31,885,106</u>
<i>Revenue from other sources</i>		
Property investment	296,862	210,081
	<u>35,340,264</u>	<u>32,095,187</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

5 REVENUE (Continued)

Revenue from contracts with customers:

For the six months ended 30 June 2024

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	32,796,336	—	—	32,796,336
Property management service	—	1,428,407	—	1,428,407
Others	—	—	818,659	818,659
Total revenue from contracts with customers:	<u>32,796,336</u>	<u>1,428,407</u>	<u>818,659</u>	<u>35,043,402</u>
Timing of revenue recognition				
Recognised at a point in time	32,796,336	328,468	533,623	33,658,427
Recognised over time	—	1,099,939	285,036	1,384,975
Total revenue from contracts with customers:	<u>32,796,336</u>	<u>1,428,407</u>	<u>818,659</u>	<u>35,043,402</u>

For the six months ended 30 June 2023

Segments	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
Types of goods or services				
Sale of property development	29,773,778	—	—	29,773,778
Property management service	—	983,767	—	983,767
Others	—	—	1,127,561	1,127,561
Total revenue from contracts with customers:	<u>29,773,778</u>	<u>983,767</u>	<u>1,127,561</u>	<u>31,885,106</u>
Timing of revenue recognition				
Recognised at a point in time	29,773,778	188,280	586,975	30,549,033
Recognised over time	—	795,487	540,586	1,336,073
Total revenue from contracts with customers:	<u>29,773,778</u>	<u>983,767</u>	<u>1,127,561</u>	<u>31,885,106</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

6 OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Losses on revaluation of investment properties, net	(99,026)	(110,515)
Penalty income	81,506	51,242
Dividend income from equity investments at FVOCI	65,590	—
Gains from the acquisition of shares of an associate	—	23,389
Other gains	43,146	19,491
	91,216	(16,393)

7 FINANCE INCOME

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest income from bank deposits	255,453	228,085
Interest income on amounts due from related parties (excluding bank deposits) (note 25(b)(i))	75,450	81,510
Interest income on amounts due from non-controlling interests	2,663	12,603
Other interest income	3,056	75,144
	336,622	397,342

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

8 FINANCE COSTS

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest on bank borrowings and bank overdrafts	1,153,891	1,065,681
Interest on other borrowings	939,524	819,728
Interest on amounts due to related parties (note 25(b)(III))	188,102	333,842
Interest on amounts due to non-controlling interest and related parties of non-controlling interest (note)	71,935	76,337
Interest expense on lease liabilities	15,048	14,226
Net fair value gains on derivative financial instruments	(92,635)	(52,537)
Net foreign exchange gains	(60,481)	(80,658)
Total borrowing costs incurred	2,215,384	2,176,619
Less: amount capitalised as properties under development and property, plant and equipment	(1,973,552)	(1,878,527)
	241,832	298,092

Note:

The amount represents interest on the amounts of subsidiaries of the Group due to non-controlling interest and related parties of non-controlling interest. Out of the total amount of approximately RMB9,639 million (31 December 2023: RMB11,238 million), the interest bearing balance is approximately RMB2,807 million as at 30 June 2024 (31 December 2023: RMB2,753 million) and bears interest at a weighted average rate of 6.46% per annum (2023: 6.41% per annum). The balance which is included in other payables and accruals is repayable on demand and denominated in RMB.

9 EXPENSES BY NATURE

Cost of sales, selling and marketing expenses and administrative expenses included the following:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cost of properties sold included in cost of sales	26,681,606	24,474,162
Other tax and surcharges	153,013	193,274
Depreciation of right-of-use assets	134,118	112,877
Depreciation of property, plant and equipment (note 13)	73,745	64,997
Amortisation of intangible assets (note 16)	45,799	25,452
Provision for impairment of properties under development and properties held for sale	1,073,432	114,478

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

10 TAXATION

- (a) Hong Kong profits tax has been provided for at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the period.
- (b) Chinese Mainland enterprise income taxation is provided on the profit of the Group's principal subsidiaries, joint ventures and associates in Chinese Mainland at 25% (2023: 25%), except for certain subsidiaries which enjoy a preferential income tax rate.

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates of 5% or 10%.

- (c) Chinese Mainland land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.
- (d) The amount of taxation charged to the interim condensed consolidated statement of profit or loss comprises:

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current taxation		
– China enterprise income tax	685,174	1,054,685
– Chinese Mainland land appreciation tax	522,141	684,425
– Corporate withholding income tax	54,269	—
	1,261,584	1,739,110
Deferred taxation		
– Origination and reversal of temporary differences	26,108	141,103
– Chinese Mainland land appreciation tax	3,251	3,197
– Corporate withholding income tax on undistributed profits	(29,433)	41,266
	(74)	185,566
	1,261,510	1,924,676

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

11 DIVIDENDS

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Cash dividends		
2023 final, declared and unpaid, of HKD0.148 equivalent to RMB0.134 (2022 final: HKD0.307 equivalent to RMB0.272) per ordinary share	543,540	1,139,379
2024 interim, resolved, of HKD0.189 equivalent to RMB0.173 (2023 interim: HKD0.232 equivalent to RMB0.213) per ordinary share	696,393	857,409

The interim dividend resolved after the balance sheet date has not been recognised as a liability at the balance sheet date. It will be recognised in the shareholders' equity during the year ending 31 December 2024.

In addition, during the six months ended 30 June 2023, the board of directors has declared a special dividend ("Special Dividend") in the form of the distribution in specie of certain units ("Units") of Yuexiu Real Estate Investment Trust held by the Group to the qualifying shareholders, in proportion to their respective shareholdings in the Company on the basis of 62 units for every 1,000 shares held by the qualifying shareholders. The Special Dividend of 249,574,360 Units were distributed during the six months ended 30 June 2023.

12 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	1,831,427	2,177,419
Weighted average number of ordinary shares in issue ('000) (note)	4,025,393	3,431,872
Basic earnings per share (RMB)	0.4550	0.6345

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

12 EARNINGS PER SHARE (Continued)**Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Since there were no dilutive potential ordinary shares during the six months ended 30 June 2024, diluted earnings per share is equal to basic earnings per share (six months ended 30 June 2023: same).

Note:

During the six months ended 30 June 2023, the Company completed the rights issue of 928,936,826 rights shares at the subscription price of HKD9.00 per rights share on the basis of 30 rights shares for every 100 shares held by qualifying shareholders on the record date (i.e.10 May 2023).

The weighted average number of 3,431,871,678 ordinary shares for the first half of 2023 are derived from ordinary shares in issue as at 1 January 2023 after taking into account the effects of rights issue abovementioned.

13 PROPERTY, PLANT AND EQUIPMENT

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
At 1 January	2,802,071	4,748,183
Additions	55,504	129,959
Disposals	(169)	(34,565)
Depreciation (note 9)	(73,745)	(64,997)
Transfer	(7,991)	—
Exchange differences	443	796
At 30 June	<u>2,776,113</u>	<u>4,779,376</u>

14 RIGHT-OF-USE ASSETS

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
At 1 January	822,896	3,987,324
Termination	—	(37,150)
Additions	131,199	99,549
Depreciation	(134,118)	(136,086)
At 30 June	<u>819,977</u>	<u>3,913,637</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

15 INVESTMENT PROPERTIES

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
At 1 January	16,785,640	11,123,737
Additions	70,546	2,214,135
Disposals	—	(4,310)
Fair value losses, net	(99,026)	(110,515)
Exchange differences	5,292	25,757
At 30 June	<u>16,762,452</u>	<u>13,248,804</u>

16 INTANGIBLE ASSETS

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
At 1 January	514,128	521,234
Additions	41,725	5,167
Amortisation (note 9)	(45,799)	(25,452)
At 30 June	<u>510,054</u>	<u>500,949</u>

17 DEPOSITS AND CASH

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Current portion of deposits and cash		
Time deposits	753,001	—
Charged bank deposits	20,368,280	16,832,610
Cash and cash equivalents	25,582,043	29,265,250
	<u>46,703,324</u>	<u>46,097,860</u>
Non-current portion of deposits		
Time deposits	1,380,000	—
Other restricted deposits	55,530	—
	<u>1,435,530</u>	<u>—</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

17 DEPOSITS AND CASH (Continued)

Deposits and cash are denominated in the following currencies:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
RMB	45,944,415	45,081,601
HKD	2,021,261	858,742
USD	165,271	150,229
Others	7,907	7,288
	48,138,854	46,097,860

18 TRADE AND NOTES RECEIVABLES

The ageing analysis of trade and notes receivables based on invoice date is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 1 year	965,927	707,245
1 to 2 years	106,373	160,822
2 to 3 years	40,170	6,097
Over 3 years	14,885	17,030
	1,127,355	891,194
Less: provision for impairment	(51,814)	(44,886)
	1,075,541	846,308

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

19 TRADE AND NOTES PAYABLES

The ageing analysis of trade and notes payables based on invoice date is as follows:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 90 days	1,097,976	654,785
91 to 180 days	343,313	359,338
181 to 365 days	126,439	230,604
1 to 2 years	51,685	69,951
Over 2 years	34,402	16,136
	<u>1,653,815</u>	<u>1,330,814</u>

20 BORROWINGS

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Non-current		
Long-term bank borrowings		
– Secured	21,391,582	23,518,139
– Unsecured	25,708,823	23,126,966
Other borrowings (note)		
– Unsecured	32,604,339	34,749,924
	<u>79,704,744</u>	<u>81,395,029</u>
Current		
Bank overdrafts	36	35
Short-term bank borrowings		
– Unsecured	3,773,026	1,988,524
Current portion of long-term bank borrowings		
– Secured	4,444,052	5,872,217
– Unsecured	10,921,186	5,218,366
Other borrowings (note)		
– Unsecured	11,396,274	9,896,727
	<u>30,534,574</u>	<u>22,975,869</u>
Total borrowings	<u>110,239,318</u>	<u>104,370,898</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

20 BORROWINGS (Continued)

Note:

(i) PRC corporate bonds

In 2019, the Group issued corporate bonds of an aggregate nominal value of RMB5,500 million with interest rates ranging from 3.60% to 3.93% per annum and with maturity between 3 years to 5 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,479 million. In 2022, corporate bonds of an amount of RMB4,000 million had matured and the Group adjusted the interest rate of the remaining corporate bonds amounting to RMB1,500 million to 2.53% per annum for the remaining period.

In 2021, the Group issued corporate bonds of an aggregate nominal value of RMB6,000 million with interest rates ranging from 3.17% to 3.55% per annum and with maturity ranging from 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB5,995 million.

In 2022, the Group issued corporate bonds of an aggregate nominal value of RMB9,840 million with interest rates ranging from 2.78% to 3.43% per annum and with maturity ranging from 5 years to 7 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB9,830 million.

In 2023, the Group issued corporate bonds of an aggregate nominal value of RMB6,900 million with interest rates ranging from 2.98% to 3.63% per annum and with maturity ranging from 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB6,893 million.

Certain PRC corporate bonds contain early redemption options, which means that the Group shall be entitled to adjust the coupon rate whereas the investors shall be entitled to sell back the bonds in whole or in part.

Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"), the ultimate holding company, provides guarantees for above corporate bonds (note 25(e)).

(ii) Private placement note

In 2019, the Group issued private placement notes of an aggregate nominal value of RMB1,800 million with interest rates of 4.03% per annum and with maturity of 5 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,797 million. In 2022, the Group adjusted the interest rate to 3.2% per annum for the remaining period.

(iii) Medium term notes

In 2014, the Group issued medium term notes of HKD2,300 million with an interest rate of 6.10% per annum and maturity in 2029. The net proceeds, after deducting the issuance costs, amounted to approximately HKD2,267 million.

In 2021, the Group issued medium term notes of USD800 million with interest rates ranging from 2.80% to 3.80% per annum and maturity ranging from 5 years to 10 years. The net proceeds, after deducting the issuance costs, amounted to approximately USD798 million.

In 2023, the Group issued guaranteed notes of RMB3,396 million with interest rates ranging from 3.80% to 4.00% per annum and maturity of 3 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB3,387 million.

In 2023, the Group issued guaranteed notes of RMB510 million with interest rate of 4.00% per annum and maturity of 3 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB509 million.

In 2024, the Group issued guaranteed notes of RMB700 million with interest rate of 4.00% per annum and maturity of 3 years. The net proceeds, after deducting the issuance costs, amounted to approximately RMB698 million.

The maturity of borrowings is as follows:

	Bank borrowings and overdrafts		Other borrowings	
	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within one year	19,138,300	13,079,142	11,396,274	9,896,727
In the second year	16,638,869	17,989,031	11,511,322	4,796,826
In the third to fifth year	21,636,538	20,285,584	16,837,871	25,720,192
Over five years	8,824,998	8,370,490	4,255,146	4,232,906
	66,238,705	59,724,247	44,000,613	44,646,651

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

21 SHARE CAPITAL

	Number of shares 2024 (‘000)	Number of shares 2023 (‘000)	Share capital 2024 RMB’000	Share capital 2023 RMB’000
At 1 January (Audited)	4,025,393	3,096,456	25,545,008	18,035,015
Rights issue (note)	—	928,937	—	7,509,993
At 30 June (Unaudited)	4,025,393	4,025,393	25,545,008	25,545,008

Note:

A rights issue of 30 rights shares for every 100 existing shares held by the qualifying shareholders on the register of members on 10 May 2023 was made, at an issue price of HKD9.00 per rights share, resulting in the issue of 928,936,826 shares for a total cash consideration, before expenses, of HKD8,360 million.

22 RESERVES

The amounts of the Group’s reserves and the movements therein for the current and prior periods are presented in the interim condensed consolidated statement of changes in equity on pages 34 and 35 of this interim condensed consolidated financial information.

Statutory reserves represent enterprise expansion and general reserve funds set up by the subsidiaries, joint ventures and associates in Chinese Mainland. As stipulated by regulations in Chinese Mainland, the Company’s subsidiaries, joint ventures and associates established and operated in Chinese Mainland are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective boards of directors. Upon approval, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion funds may only be used for increasing capital.

23 GUARANTEES

	30 June 2024 (Unaudited) RMB’000	31 December 2023 (Audited) RMB’000
Guarantees for mortgage facilities granted to certain property purchasers of the Group’s properties (note (a))	38,540,001	42,364,438
Guarantees for banking and loan facilities granted to joint ventures and associates (note (b))	9,380,400	9,316,400
Total	47,920,401	51,680,838

Notes:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group’s properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.
- (b) As at 30 June 2024, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB9,380 million (31 December 2023: RMB9,316 million) in respect of loans borrowed by joint ventures and associates of the Group, among which, guarantee of approximately RMB1,382 million (31 December 2023: RMB2,385 million) was utilised and guarantee of approximately RMB7,998 million (31 December 2023: RMB6,931 million) was not utilised yet.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

24 SECURITIES FOR BANKING FACILITIES AND BORROWINGS

At 30 June 2024, certain banking facilities and borrowings granted to the Group were secured by mortgages of the Group's certain properties under development, properties held for sale, investment properties and property, plant and equipment with aggregate carrying values of approximately RMB60,599 million (31 December 2023: RMB45,243 million), RMB321 million (31 December 2023: RMB156 million), RMB4,286 million (31 December 2023: RMB4,292 million) and RMB492 million (31 December 2023: RMB530 million), respectively.

25 SIGNIFICANT RELATED PARTY TRANSACTIONS**(a) Related parties**

The Company's ultimate holding company is Guangzhou Yue Xiu Holdings Limited ("Guangzhou Yue Xiu"). The table below summarises the names of main related parties, with whom the Group has significant transactions during the six months ended 30 June 2024, and their relationship with the Company as at 30 June 2024:

Significant related parties	Relationship with the Company
Guangzhou Yue Xiu	Ultimate holding company
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Immediate holding company
Guangzhou Metro Group Co., Ltd. ("Guangzhou Metro")	Substantial shareholder
Yuexiu Real Estate Investment Trust ("Yuexiu REIT")	An associate
廣州越宏房地產開發有限公司	An associate
廣州穗昭置業有限公司	An associate
廣州裕秀房地產開發有限公司	An associate
武漢錦秀嘉合置業有限公司	An associate
廣州市悅匯城商業經營管理有限公司	An associate
長沙長越房地產開發有限公司	An associate
廣州越創房地產開發有限公司	An associate
湖北宏秀房地產開發有限公司	A joint venture
武漢安和盛泰房地產開發有限公司	A joint venture
廣州越秀投資發展有限公司	A fellow subsidiary
Chong Hing Bank Limited	A fellow subsidiary
Smart Light Group Limited	A fellow subsidiary

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

		Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
(I)	Interest income (note 7)		
	– associates	25,796	36,745
	– joint ventures	49,654	44,765
		<u>75,450</u>	<u>81,510</u>
	– a fellow subsidiary	19,746	30,756
		<u>95,196</u>	<u>112,266</u>
(II)	Interest expense (note 8)		
	– ultimate holding company	(68,234)	(99,491)
	– immediate holding company	(90,257)	(181,385)
	– associates	(7,506)	(24,094)
	– entities with significant influence over certain subsidiaries	(4,680)	(4,680)
	– a fellow subsidiary	(17,425)	(24,192)
		<u>(188,102)</u>	<u>(333,842)</u>
(III)	Addition of right-of-use assets		
	– associates	75,004	7,885
(IV)	Rental income		
	– fellow subsidiaries	13,916	7,568
	– associates	42,538	11,699
		<u>56,454</u>	<u>19,267</u>
(V)	Short-term leases rental expenses		
	– associates	(15,672)	(18,080)
	– immediate holding company	(648)	(1,133)
	– substantial shareholder	—	(898)
	– fellow subsidiaries	(6,531)	(95)
		<u>(22,851)</u>	<u>(20,206)</u>
(VI)	Consideration for acquisition of a subsidiary		
	– a fellow subsidiary	14,972	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		Six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
(VII)	Revenue from sales of property development – a fellow subsidiary	3,165	—
(VIII)	Revenue from sales of materials – associates	114,891	56,972
	– joint ventures	54,776	83,475
		169,667	140,447
(IX)	Property management service income – associates	27,969	15,444
	– fellow subsidiaries	18,736	12,655
	– substantial shareholder	92,777	96,266
		139,482	124,365
(X)	Construction service income – associates	22,343	18,776
	– joint ventures	3,226	3,346
	– fellow subsidiaries	5,746	737
		31,315	22,859
(XI)	Others Tenancy service fees income from an associate	15,217	14,349
	Naming right expense to an associate	—	(10,000)

The price of the above transactions was determined in accordance with the terms agreed by the relevant contracting parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

	Notes	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Amounts due from recorded in current assets			
– substantial shareholder	(i), (ii)	2,508,674	2,132,629
– associates	(ii), (iii)	3,704,904	2,151,044
– joint ventures	(ii), (iv)	806,435	769,940
– fellow subsidiaries	(i), (ii)	35,910	35,337
– entities with significant influence over certain subsidiaries	(i), (ii)	5,623,987	5,613,697
Amounts due from recorded in non-current assets	(v)		
– associates		1,531,550	1,527,581
– joint ventures		1,737,591	1,743,591
Amounts due to			
– ultimate holding company	(ii), (vi)	(1,106,465)	(100,504)
– immediate holding company	(ii), (vii)	(5,572,852)	(3,735,956)
– associates	(ii), (viii)	(30,122,601)	(19,318,826)
– joint ventures	(i), (ii)	(2,282,370)	(2,261,178)
– fellow subsidiaries	(i), (ii)	(839,027)	(857,406)
– substantial shareholder	(ii), (ix)	(420,935)	(409,162)
– entities with significant influence over certain subsidiaries	(ii), (x)	(242,395)	(242,395)
Deposits in a fellow subsidiary	(xi)	4,294,211	3,231,483
Bank borrowing from a fellow subsidiary	(xii)	(936,560)	(956,920)
Lease liabilities	(xiii)		
– associates		(109,320)	(112,266)
– fellow subsidiaries		(188,204)	(193,665)
Trade receivables from	(xiv)		
– substantial shareholder		84,206	55,132
– joint ventures		207,938	233,022
– associates		202,608	148,017
– fellow subsidiaries		30,508	25,072
Notes receivables from associates	(xv)	23,416	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Except for the amounts denominated in HKD and USD listed below, other balances with related parties are denominated in RMB.

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Denominated in HKD		
Amount due from a joint venture	22,032	21,876
Bank deposit in a fellow subsidiary	126,057	5,515
Denominated in USD		
Bank deposit in a fellow subsidiary	—	2,457
Amount due from an associate	641,412	637,443

Notes:

- (i) These balances are unsecured, interest free and repayable or receivable on demand.
- (ii) These balances are included in other receivables, prepayments and deposits or other payables and accruals, as appropriate.
- (iii) Except for the amounts of approximately RMB278,498,000 (31 December 2023: RMB126,700,000), which are unsecured and interest bearing at a weighted average rate of 9.09% (2023: 8.00%) per annum, the remaining balances are unsecured, interest free and receivable on demand.
- (iv) Except for the amounts of approximately RMB29,172,000 (31 December 2023: RMB28,440,000), which are unsecured and interest bearing at a weighted average rate of 12.51% (2023: 12.61%) per annum, the remaining balances are unsecured, interest free and receivable on demand.
- (v) These balances are included in interest in joint ventures and interest in associates. Except for the amounts of approximately RMB410,733,000 (31 December 2023: RMB1,454,063,000), which are unsecured and interest bearing at a weighted average rate of 6.66% (2023: 6.64%) per annum, the remaining balances are unsecured and interest free.
- (vi) Except for the amounts of approximately RMB1,034,376,000 (31 December 2023: Nil), which are unsecured and interest bearing at 4.50% (2023: Nil) per annum, the remaining balances are unsecured, interest free and repayable on demand.
- (vii) The balances as at 30 June 2024 are unsecured, interest free and repayable on demand. Interest incurred for loans from immediate holding company during the six months ended 30 June 2024 was charged at 6.35% (2023: 6.04%) per annum.
- (viii) Except for the amounts of approximately RMB297,846,000 (31 December 2023: RMB606,727,000), which are unsecured and interest bearing at a weighted average rate of 4.98% (2023: 4.99%) per annum, the remaining balances are unsecured, interest free and repayable on demand.
- (ix) The amount due to the substantial shareholder, Guangzhou Metro, is unsecured, interest free and repayable in 2026 (31 December 2023: Same).
- (x) Except for an amount of approximately RMB163,311,000 (31 December 2023: RMB163,311,000), which is unsecured and interest bearing at 5.70% (2023: 5.70%) per annum, the remaining balances are unsecured, interest free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

25 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties (Continued)

Notes: (Continued)

- (xi) These balances are deposits maintained with a fellow subsidiary on normal commercial terms.
- (xii) These balances were unsecured and interest bearing at 3.30% (2023: 3.65%) per annum.
- (xiii) The Group leases office premises from associates and fellow subsidiaries. The monthly rents payable by the Group during the leasing terms are determined with reference to the prevailing market prices.
- (xiv) These balances are receivables from Guangzhou Metro, joint ventures, associates and fellow subsidiaries for the provision of property management services, construction services, agency services and the sales of materials on normal commercial terms.
- (xv) The balance is notes receivables from associates for the sales of materials on normal commercial terms.

(d) Key management compensation

Key management compensation amounted to RMB4,956,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB5,190,000).

(e) Guarantee received

Guangzhou Yue Xiu provides corporate guarantee for the corporate bonds of Guangzhou City Construction & Development Co. Ltd., a subsidiary of the Group, amounted to approximately RMB24,225 million as at 30 June 2024 (31 December 2023: RMB24,222 million).

(f) Provision of guarantee

The Group provides guarantees for the borrowings of joint ventures and associates, of which the details are included in note 23 to the interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

26 FINANCIAL RISK MANAGEMENT

26.1 Fair value measurement of financial instruments

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2024 and 31 December 2023 on a recurring basis.

At 30 June 2024	Level 2 (Unaudited) RMB'000	Level 3 (Unaudited) RMB'000
Financial assets		
Derivative financial instrument - foreign currency forwards	256,070	—
Financial assets at FVOCI	—	1,001,952
Total	<u>256,070</u>	<u>1,001,952</u>
Financial liabilities		
Derivative financial instrument - foreign currency forwards	<u>9,535</u>	—
<hr/>		
At 31 December 2023	Level 2 (Audited) RMB'000	Level 3 (Audited) RMB'000
Financial assets		
Derivative financial instrument - foreign currency forwards	229,536	—
Financial assets at FVOCI	—	999,130
Total	<u>229,536</u>	<u>999,130</u>
Financial liabilities		
Derivative financial instrument - foreign currency forwards	<u>55,785</u>	—

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There was no transfer between fair value hierarchy levels during the period.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

26 FINANCIAL RISK MANAGEMENT (Continued)**26.1 Fair value measurement of financial instruments (Continued)****Valuation techniques used to determine fair value**

Specific valuation techniques used to value financial instruments include:

- The fair value of financial assets at FVOCI is derived through the Guideline Public Company Method by using the appropriate market multiples of comparable public company peers in the same or a similar industry.
- The fair value of foreign currency forwards is determined using present value of future cash flows based on the forward exchange rates at the balance sheet date.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instrument for the six months ended 30 June 2024 and 30 June 2023:

Financial assets at FVOCI

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Opening balance at 1 January	999,130	1,023,964
Unrealised fair value changes recognised in other comprehensive income	2,822	(43,706)
Closing balance at 30 June	1,001,952	980,258

There were no changes made to any of the valuation techniques applied during six months ended 30 June 2024 and 2023.

Valuation process

The Group measures its financial assets at FVOCI at fair value. The Group's finance department that performs the valuation of level 3 fair values for financial reporting purposes. The level 3 financial assets were valued by an independent qualified valuer and discussion of valuation processes and results are held between the management and valuer at least once every six months.

The main Level 3 input used by the Group for financial assets at FVOCI pertains to the discount for lack of marketability. The discount for lack of marketability is quantified on the basis of relevant restricted stock studies and represents the most significant unobservable input applied to arrive at the fair value measurement. The higher of the percentage for the discount for lack of marketability would result in the lower amount of the fair value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

26 FINANCIAL RISK MANAGEMENT (Continued)

26.2 Fair value of other financial assets and liabilities

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different from their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

- Trade and notes receivables
- Cash and cash equivalents, time deposits, other restricted deposits and charged bank deposits
- Other receivables
- Trade and notes payables
- Financial liabilities included in other payables and accruals
- Borrowings
- Lease liabilities

26.3 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

(a) Cash flow and fair value interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings at fixed rate which expose the Group to fair value interest rate risk. Borrowings at variable rates expose the Group to cash flow interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. As at 30 June 2024, fixed interest rate borrowings accounted for approximately 57% (31 December 2023: 44%) of the total borrowings.

At 30 June 2024, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period would have been approximately RMB77 million lower/higher (2023: post-tax profit RMB72 million lower/higher) respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

26 FINANCIAL RISK MANAGEMENT (Continued)**26.3 Financial risk factors (Continued)****(b) Foreign exchange risk**

A majority of the subsidiaries of the Group operate in Chinese Mainland with most of their transactions denominated in RMB. The Group is exposed to foreign exchange risk arising from the exposure of RMB against Hong Kong dollars ("HKD") and United States dollars ("USD") for certain cash and bank balances of approximately RMB1,256 million (2023: RMB544 million) and borrowings of approximately RMB4,061 million (2023: RMB2,311 million) which were denominated in HKD and cash and bank balances of approximately RMB164 million (2023: RMB150 million) and borrowings of approximately RMB5,690 million (2023: RMB5,653 million) which were dominated in USD as at 30 June 2024. The Group has entered into several forward exchange contracts to hedge its exposure to foreign currency risk during the six months ended 30 June 2024.

At 30 June 2024, if RMB had strengthened/weakened by 5 percent against HKD and USD with all other variables held constant (assuming no capitalisation of exchange difference), post-tax profit for the year would have been approximately RMB110 million higher/lower (2023: post-tax profit RMB67 million higher/lower), mainly as a result of the net foreign exchange gains on translation of monetary assets and liabilities denominated in HKD and USD.

(c) Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

Management monitors rolling forecasts of the Group's liquidity reserve which comprises undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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26 FINANCIAL RISK MANAGEMENT (Continued)**26.3 Financial risk factors (Continued)****(c) Liquidity risk (Continued)**

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2024 (unaudited)					
Borrowings (principal amount plus interest)	32,264,357	29,876,908	41,246,342	14,217,293	117,604,900
Trade and notes payables (note 19)	1,653,815	—	—	—	1,653,815
Other payables and accruals (excluding accrued employee benefits costs and value-added tax payables and other taxes payables)	94,503,421	30,258	811,203	—	95,344,882
Lease liabilities	244,318	154,273	307,375	273,699	979,665
Derivative financial instruments	—	9,535	—	—	9,535
Total	128,665,911	30,070,974	42,364,920	14,490,992	215,592,797
At 31 December 2023 (audited)					
Borrowings (principal amount plus interest)	26,195,463	25,298,535	49,126,527	14,217,293	114,837,818
Trade and notes payables (note 19)	1,330,814	—	—	—	1,330,814
Other payables and accruals (excluding accrued employee benefits costs and value-added tax payables and other taxes payables)	83,417,958	34,094	770,825	—	84,222,877
Lease liabilities	259,714	166,848	303,727	319,467	1,049,756
Derivative financial instruments	—	—	55,785	—	55,785
Total	111,203,949	25,499,477	50,256,864	14,536,760	201,497,050

The Group is also exposed to liquidity risk through the granting of financial guarantees, further details of which are disclosed in note 23 to the financial statements. The earliest period in which the guarantees could be called is less than 12 months.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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26 FINANCIAL RISK MANAGEMENT (Continued)**26.4 Capital risk management**

The Group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends declared/paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's policy is to borrow centrally, using a mixture of long-term and short-term borrowing facilities, to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are on-lent or contributed as equity to certain subsidiaries.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents and current portion of time deposits. Total capital is calculated as equity, as shown in the interim condensed consolidated statement of financial position plus net debt.

The gearing ratios at 30 June 2024 and 31 December 2023 were as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Total borrowings (note 20)	110,239,318	104,370,898
Lease liabilities	858,576	839,021
Less: Cash and cash equivalents and current portion of time deposits	(26,335,044)	(29,265,250)
Net borrowings	84,762,850	75,944,669
Total equity (including non-controlling interests)	106,061,519	102,208,780
Total capital	190,824,369	178,153,449
Gearing ratio (net borrowings divided by total capital)	44.4%	42.6%

The total capital amount is subject to externally imposed capital requirement and the Group has complied with the capital requirement during the period.

27 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 28 August 2024.



OTHER INFORMATION

INTERESTS OF DIRECTORS/CHIEF EXECUTIVE

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

The Company

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest (Note 2)
Mr Lin Zhaoyuan (Note 1)	Beneficial Owner/Beneficiary of a trust	1,515,560	0.03765
Mr Zhu Huisong	Beneficial Owner	64,757	0.00161
Ms Liu Yan	Beneficial Owner	3,400	0.00008
Mr Yu Lup Fat Joseph	Beneficial Owner	260,000	0.00646
Mr Lee Ka Lun	Beneficial Owner	858,000	0.02131
Mr Lau Hon Chuen Ambrose	Beneficial Owner	1,258,712	0.03127

Note 1: Mr Lin Zhaoyuan is interested in 1,515,560 Shares, out of which 1,083,095 Shares are owned by him as beneficial owner, 432,465 Shares are held for him as a beneficiary of the Yuexiu Property Company Limited Share Incentive Scheme Trust for Directors and Senior Management.

Note 2: The total number of 4,025,392,913 shares of the Company in issue as at 30 June 2024 was used for the calculation of the approximate percentage.

Yuexiu Transport Infrastructure Limited

Long positions in shares of Yuexiu Transport Infrastructure Limited:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest (Note)
Mr Lin Zhaoyuan	Beneficial Owner	120	0.00001
Ms Liu Yan	Beneficial Owner	485	0.00003
Mr Lau Hon Chuen Ambrose	Beneficial Owner	195,720	0.012

Note: The total number of 1,673,162,295 shares of Yuexiu Transport Infrastructure Limited in issue as at 30 June 2024 was used for the calculation of the approximate percentage.

Save as disclosed herein, as at 30 June 2024, none of the Directors and chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

Save as disclosed in this report, at no time for the six months ended 30 June 2024 was the Company or a subsidiary a party to any arrangement to enable the Directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSEABLE INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SFO

As at 30 June 2024, the following persons (other than the Directors and chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Capacity	Number of shares held	Approximate % of interest (Note 3)
廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) (Note 1)	Interests of controlled corporations	1,746,724,198 (Long position)	43.39
Yue Xiu Enterprises (Holdings) Limited ("YXE")	Interests of controlled corporations	1,746,724,198 (Long position)	43.39
廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) (Note 2)	Interests of controlled corporations	801,053,190 (Long position)	19.90

Note 1: Pursuant to the SFO, as at 30 June 2024, 廣州越秀集團股份有限公司 (Guangzhou Yue Xiu Holdings Limited) is deemed to be interested in 1,746,724,198 shares of the Company as a result of its indirect holding of such shares through its wholly-owned subsidiaries, details of which were as follows:

Name	Long positions in shares
YXE	1,746,724,198
Superb Master Ltd. ("Superb") (Note i)	104,517,301
Bosworth International Limited ("Bosworth") (Note i)	1,238,030,690
Novena Pacific Limited ("Novena") (Note i)	254,297,135
Morrison Pacific Limited ("Morrison") (Note i)	71,049,347
Greenwood Pacific Limited ("Greenwood") (Note i)	61,019,210
Goldstock International Limited ("Goldstock") (Note i)	15,838,713
Yue Xiu Finance Company Limited ("Yue Xiu Finance") (Note i)	1,971,802

(i) Superb, Bosworth, Novena, Morrison, Greenwood, Goldstock and Yue Xiu Finance are wholly-owned by YXE.

Note 2: Pursuant to the SFO, 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.) is deemed to be interested in 801,053,190 shares of the Company as a result of its indirect holding of such shares through its wholly-owned subsidiary, details of which were as follows:

Name	Long positions in shares
Guangzhou Metro Investment Finance (HK) Limited (Note i)	801,053,190

(i) To the best knowledge, information and belief of the Company having made all reasonable enquiries, Guangzhou Metro Investment Finance (HK) Limited, which was wholly-owned by 廣州地鐵集團有限公司 (Guangzhou Metro Group Co., Ltd.), subscribed for all of its pro rata Rights Shares in respect of the Rights Issue, increasing its interests to 801,053,190 shares. Please refer to the prospectus of the Company dated 11 May 2023 and the announcement of the Company dated 2 June 2023 in relation to the Rights Issue for further details.

Note 3: The total number of 4,025,392,913 shares of the Company in issue as at 30 June 2024 was used for the calculation of the approximate percentage.



OTHER INFORMATION

Saved as disclosed herein, as at 30 June 2024, the Company had not been notified of any other persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Board recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of the Shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix C1 to the Listing Rules. During the six months ended 30 June 2024, the Company has complied with all code provisions of the CG Code.

REVIEW OF INTERIM RESULTS

The results of the Group for the six months ended 30 June 2024 have been reviewed by the audit committee of the Board and by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the 2023 Annual Report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51B of the Listing Rules, are set out below:

Ms. Chen Jing and Ms. Liu Yan, both being the executive Directors of the Company, resigned as directors of Guangzhou Yuexiu Dairy Group Co., Ltd.* (廣州越秀乳業集團有限公司) on 18 September 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules.

Specific enquiry of all the Directors has been made and all the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 30 June 2024. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 16 October 2024 to Friday, 18 October 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrar, Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Tuesday, 15 October 2024.

* For identification purpose only